Daily Report

Latin America

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Latin American States Threaten To Quit U.S. Tuna Accord

PA0410040795 Panama City Circuito RPC Television in Spanish 2300 GMT 3 Oct 95

[From the "RPC Television News" newscast]

[FBIS Translated Text] Latin American countries are ready to quit the La Jolla accord signed in 1992 to protect dolphins if in the coming months the United States does not lift the embargo on tuna imports, which has represented losses to the order of $600 million.

The proposal was made at a special meeting being held in this capital of the Inter-American Tropical Tuna Commission, which groups tuna-exporting nations, including Mexico, Costa Rica, Venezuela, Colombia, Panama, and Ecuador. These are the countries that have been affected the most by the commercial measure. Carlos Mazal, director of the Latin American Organization of Fishing Development, said that if there is no agreement with the United States, there is no reason why Latin American countries should continue to belong to the La Jolla accord, which is a catastrophe they seek to prevent.

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Argentina's Cavallo at Labor Ministers Conference Closing

PY0410021795 Buenos Aires TELAM in Spanish 2253 GMT 3 Oct 95

[FBIS Translated Text] Buenos Aires, 3 Oct (TELAM) — The 10th Inter-American Conference of Labor Ministers closed today with the participation of Economy Minister Domingo Cavallo.

During the closing ceremony, [Argentine] Labor Minister Armando Caro Figueroa highlighted the accomplishments that had been achieved during the debates, and he also highlighted the "enhanced bilateral contacts that we have maintained."

He assured representatives of the 34 participating delegations from the Americas that "this conference has been held within a definitely singular international context, and it has been characterized by the speeding up of the political and economic changes and by the problems that have been caused by ever-increasing unemployment."

Regarding unemployment, the minister maintained that "in some cases it has surprised societies that thought they had full employment, something that was nurtured by the existence of very low levels of activity that hid the existing unemployment."

"Today our countries know that the defeating of unemployment is a desirable objective, but it is also a difficult one to achieve, and they also have the tendency to reject alleged solutions based on political whims or on demagogic proposals," he said.

He also said that "we reject proposals made in the name of full employment that have the intention of bringing back inflation or international economic isolation."

At the conclusion of the debates, the ministers and delegates of the 34 members of the OAS approved the Declaration of Buenos Aires.

The document indicates that "the efforts to eradicate poverty in the hemisphere must have as a basic tool the promotion of economic and social development and, in particular, productive employment."

A plan of action to modernize the labor ministries was also agreed upon in order to "face the challenges of economic globalization and economic integration within the hemisphere."

Among the points that the ministers agreed upon, Caro Figueroa indicated the need to "reinforce the culture of labor; make the introduction of new technologies much easier; develop management skills; and integrate youths, elderly workers, women, and the disabled."

"The more developed countries and enterprises" are urged to "assume a greater responsibility in the sector of cooperatives."

Cavallo explained Argentina's economic situation to the foreign delegations, and he stressed that "not everything that appears to be economic progress is immediately considered as an advance in the social sector, and it does not always reach the worker in the form of benefits."

He maintained that "we have not been able to achieve an increase in employment along with the quick growth of the economy," and he stressed that "the current policy now places emphasis on this aspect."

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Cuba

Robaina Meets U.S. Officials at Social Event

PA0310231795 Havana PRENSA LATINA in Spanish 2235 GMT 30 Sep 95

[FBIS Translated Excerpt] United Nations, 30 Sep (PL) — Cuban Foreign Minister Roberto Robaina has attended a social event organized by the House of the Americas in New York.

Democratic Congressman Jose Serrano; Lucius Walker, from the Pastors for Peace movement; City Council representatives; representatives from Cuban-U.S. solidarity associations in the Dominican Republic and Puerto Rico; and representatives from other Latin American and U.S. organizations also attended. [passage omitted]

Robaina said that Cuba continues to defend its own course of action not only because it is the right of 10 million Cubans to walk the path that they chose but also "because neither the Cuban, nor Latin American, nor U.S. communities would ever forgive Cuba if it were to fail at this particular time."

Rest assured that we are confident about what we are doing, primarily because we have met you and because we know that there are people in the U.S. Congress — such as Serrano, Charles Rangel, Nidia Velazquez, and many others — who will gradually join this struggle, Robaina affirmed.

He added: It will be so if truth, hope, justice, equality, reason, civilization, and intelligence are to prevail.

I am totally convinced that these values are deeply embedded in the heart of this society, the foreign minister stressed.

Robaina added that Cubans will continue work on the program that, despite all predictions, helped them face the difficult years since 1989, and that will be around for many years to come.

Robaina had met representatives from many Cuban friendship and solidarity organizations at Cuba's permanent mission, earlier.

Armed Forces To Conduct Military Exercises 'Today'

PA0310170295 Havana Radio Rebelde Network in Spanish 1155 GMT 3 oct 95

[From the "Doing Radio" newscast]

[FBIS Translated Text] Today, between 1500 hours and 2200 hours, military exercises that will include the Antiaircraft Defense and the Revolutionary Air Force [DAAFAR] will be taking place throughout the country.

As a result of this, there will be troop movements and fighter planes flying over Havana, other main cities, as well as the country's economic and military objectives.

In addition, explosions and shots being fired will be heard in all provinces except the city of Havana.

Signed: Ministry of the Revolutionary Armed Forces.

Bank President Meets Financial Authorities in Europe

PA0410042795 Havana Radio Havana Cuba in Spanish 0000 GMT 1 Oct 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Francisco Soberon Valdes, president of the National Bank of Cuba, ended his four-day visit to Spain's capital city where he held important meetings with Madrid's main banking authorities.

During his visit, Soberon discussed the development of financial relations between both countries and confirmed their excellent relations at present. On this occasion, Cuba's highest banking authority met with Bank of Spain Governor Luis Angel Rojo, Iberian States Trade Secretary Apolonio Ruiz Ligero, and Jose Luis (Ticenta), Iberian States secretary for international and Ibero-American cooperation, among other financial figures.

A few days before visiting Madrid, Soberon Valdes held similar meetings in Japan, France, and the UK, where he referred to Cuba's current economic situation.

Oil Production Expected To Increase

PA0410042295 Havana Radio Havana Cuba in Spanish 1300 GMT 1 Oct 95

[From the "Morning Information Review" newscast]

[FBIS Translated Text] Cuba's oil production will continue to increase moderately this year and next year as a result of the participation of foreign companies in exploration work whose fruits will be more evident as of 1998 with the incorporation of new wells with good prospects.

This was made known during a meeting of directors of oil enterprises and oil experts that was chaired by Council of State Vice President Carlos Lage.

Increased efficiency and discipline, along with highly qualified oil industry personnel, permitted a fast and thorough comprehension of advanced technology and has much to do with the present results, according to Manuel Marrero, who is a geologic sciences doctor and main expert of the Cuban Petroleum Union [Union Cubana del Petroleo — CPU].

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Due to technological advances and thanks to the labor effort, daily oil production increased from 15,000 to 30,000 barrels in wells that had been functioning. This will allow the country to close the year with a production of 1.450 million tonnes of oil and to reach 1.5 million tonnes next year.

Cubazucar Sponsors Workshop To Review Sugar Issues

PA0410005095 Havana PRENSA LATINA in Spanish 0950 GMT 29 Sep 95

[By Elsy Fors]

[FBIS Translated Text] Havana, 29 Sep (PL) — More than 100 personalities, experts, and officials are expected here this weekend to participate in a workshop that will review trade and production of sweets in the 1990's.

The trading enterprise Cubazucar [Cuban Enterprise for Exporting Sugar and Sugar Byproducts], which is organizing the workshop, told PRENSA LATINA that this type of meeting is useful for establishing and exchanging opinions on such an important sector for Cuba as the sugarcane crops, in which the island also has four centuries of experience.

According to Cubazucar President Alberto Betancourt, "this basic product is the most difficult product on which to make predictions because of the marginal features of the market in which it has been participating since 1792 and because of the large variation in its prices."

An additional attraction of the meeting is the mystery surrounding the future of Cuban sugar, which is in the middle of a difficult situation strongly influenced by the poor sugarcane harvests of 1993, 1994, and 1995 that broke historical low records that had stood for more than 50 years.

At this meeting, however, the Havana Government is planning to show its determination and practical reasons to predict a major recovery in a relatively short period of time.

"A large number of commercial firms and international banks," Betancourt went on, "have already decided to finance our agricultural industry by supplying the resources that will let us acquire the means that are essential to recovering sugarcane production, which is a critical issue from which the levels of the next sugarcane harvests will be decided.

"Cuban specialists will be able to ponder the opinions distinguished personalities have on the prospects of the international sugarcane market and to share their opinions" at a time when the recovery of the sweets industry is starting to be noticed.

The meeting, organized into panels, devoted one of its panels to the exporters' standpoint, another to the importers' standpoint, and a third to the standpoint of the representatives of international trading houses.

Luis Custodio, Group of Latin American and Caribbean Sugar Exporting Countries executive secretary (Geplacea); Peter Baron, International Sugar Organization (ISO) director; and Cubazucar Vice President William Parra will head the panels respectively.

Despite the difficulties, Cuba continues to export sugar to approximately 30 countries, and Cubazucar, the country's only enterprise exporting sugar, molasses, and alcohol, is among the world's top companies in its field.

"It will not be the first time in the history of sugar that the country feels obliged to defend its traditional markets. This is why we must try to reap the most benefits from the opportunities offered by the only market in which we can currently sell our sugar — the so-called free market — at the prices it sets," Betancourt affirmed.

The sugar spot price on the New York Exchange closed at 12.62 U.S.cents a pound on 28 September, while sugar prices for shipment in October were set at 11.52 U.S. cents a pound.

Roundup of Cuban Economic Developments

PA0410004095

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Cuba monitored through 3 October.

Eighty percent of the sugarcane harvest is transported to the country's mills by train. This is why groups from the workshop of the Espartaco Sugar Mill, located in Cienfuegos Province, are repairing old locomotives for the next harvest. The newest locomotive dates back to 1819 (as heard). This mill's locomotives transport 51 percent of the sugarcane processed at the mill at a rate of 175,000 arrobas a day. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 25 Sep 95)

In the last few hours, the Politburo of the Communist Party of Cuba, PCC, started visiting the 14 municipalities in Pinar del Rio. The visit will end on 28 September. The visit's main objectives are to check food production and distribution, the state of the tobacco industry, the sugarcane industry, and the harvest preparations, as well as revise the attention at the people's centers, follow up on the health and education programs, and check

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the situation at the transportation, construction, communication, trade, services, and media sectors. In addition, the problems inherent in each municipality will be analyzed. After the visit ends, a municipal report will be drafted, followed by a provincial report. (Havana Radio Rebelde Network in Spanish 1700 GMT 26 Sep 95)

The construction of the new Havana cruise ships terminal is in its final phase. Transportation Minister Division General Senen Casas Regueiro has said that the construction is almost over and that between $10 and $11 million were invested in the work. The cruise ships could also dock at Mariel or Santiago de Cuba ports, where little investments had to be made in order to improve their facilities. In addition, he pointed out, the cruise ships will hire Cuban workers, adding: "They will start hiring a relatively small number of Cuban workers, but there are possibilities of increasing their number, thus constituting another source of revenues for the country." Since each cruise ship has 1.6 workers per passenger and since it usually has 1,600 or 1,700 passengers, 3,000 or 2,500 workers will be hired, he assessed. (Havana Radio Rebelde Network in Spanish 1700 GMT 26 Sep 95)

Agriculture Minister Alfredo Jordan Morales has made a call in Holguin Province to redouble efforts to prepare the soil to guarantee the planting of vegetables during the cold season. During a tour of Holguin, he assessed that the tilling of land is behind schedule due to the shortage of fuel, the heavy rains, and others reasons. Therefore, Jordan pointed out, we need territorial solutions to this problem, because we must take into account that the cold season planting yields approximately 70 percent of the vegetables produced in Cuba. This year, the nation allocated approximately $60 million to guarantee the delivery of seeds, fertilizers, and other supplies to the agricultural campaign. In (Pinares de Mayari), Jordan added: "the farms can no longer be unprofitable and, therefore, are compelled to diversify their production without neglecting their basic products." He urged people to take more advantage of the exceptional conditions of the region's flora and fauna in order to intensify beekeeping activities in the area. (Havana Radio Rebelde Network in Spanish 1700 GMT 26 Sep 95)

Ecological settlements are being built in all the country's agricultural and industrial sectors. One the most advanced projects in these rural communities is located in Cienfuegos Province. The construction of a basic cooperative production unit, UBPC, has already started in this province. The first house was made of adobe. These ecological settlements promote respect for the environment and its rational use to ensure nature will provide food and energy sources necessary for life. Ecological settlements coordinator regional Roberto De Armas said that the idea is to rescue the peasant traditions we used to have, promoting environmental care. (Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 27 Sep 95)

The Sergio Soto plant located in Sancti Spiritus has achieved its oil refining quota and is planning to process 30,000 tons of hydrocarbons above the goal. This plant became the country's first plan to meet its annual oil refining plan of 140,000 tons, three months before schedule. This plant refines the crude oil found at the Pina Cristales fields. So far, profits amount to more than 3.3 million pesos, 1 million more that the previous year. Naphtha and basic oils are manufactured in this plant. (Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 27 Sep 95)

Agriculture Minister Jordan, along with Las Tunas Province leaders, has visited the Vasquez Enterprise in Puerto Padre, where the PCC first secretaries showed interest in the good results in the different types of plantain. This delegation held a meeting at a Las Tunas microplant to analyze the results of the Turquino Plan in the eastern mountainous area. (Havana Radio Havana Cuba in Spanish 0000 GMT 27 Sep 95)

According to an "exclusive" Havana-datelined report, official sources have attributed the increase in the number of foreign companies opening offices in Cuba and the daily arrivals of businessmen not to their sympathy for the Cuban process, but for the prospects of making a good deal. Cuban Chamber of Commerce President Carlos Martinez Salsamendi told PRENSA LATINA that the interest in trading with and investing in the island is growing despite the difficult domestic economic conditions and the pressure exerted from abroad. By early 1995, 630 foreign firms had been registered in the country. In addition, the number of joint ventures had totalled 180 by late 1994, and five months later, that number had increased to 230. (Havana PRENSA LATINA in Spanish 0759 GMT 27 Sep 95)

In 1995, Habanos, Inc. will manufacture approximately 600 million crooked (torcidos) cigars for exports, according to Habanos, Inc. president Francisco Linares. He signed a franchise contract with Cuban Caracol stores. This figure exceeds by 5 million the 1994 production and shows a revival in the tobacco industry. Linares told the media that, between 1990 and 1994, the country failed to earn millions of dollars due to the fall in tobacco production and the shortage of supplies. In order to obtain a good tobacco harvest, 17,000 hectares of land have been granted in usufruct to families following tobacco-growing traditions, and $38 million in foreign financing has been granted to purchase fertiliz-

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ers and fuel. (Havana Radio Havana Cuba in Spanish 1300 GMT 27 Sep 95)

The 35th anniversary of the Committees for the Defense of the Revolution, CDR's, is the right time to recognize the results of a peasant community in Holguin Province. A year ago, Juan Vicente residents decided to follow Raul Castro's suggestion to promote aquaculture in the region. Peasant Hector Laurencio pointed out that they have been selling fish at the free markets, in addition to meeting the feeding needs of the population. (Havana Radio Rebelde Network in Spanish 1700 GMT 28 Sep 95)

After four years of being closed, the cold-light transformers factory of the military enterprise Francisco Cruz Boulsat has started operating again. The enterprise director, Lieutenant Colonel Eugenio Baez, explained that this has been possible thanks to the works done to preserve and maintain the equipment. In addition, the labor force was also kept, because workers were assigned other tasks, such as the manufacturing of 1,000 bicycles a month. According to Baez, 60,000 cold-light transformers have been manufactured in one month. The goal is to manufacture more than 280,000 transformers, mostly for national consumption. (Havana Radio Rebelde Network in Spanish 1700 GMT 28 Sep 95)

Jose Torres reports from Santiago de Cuba that 44 of this province's 86 sugar industry UBPC's, are efficient and profitable. Adequate implementation of science and technology, the correct bonding between man and land, and compliance with work-hour schedules produced a reduction in costs and the expected balance between income and expenditures necessary for the recovery of sugarcane plantations. (Havana Radio Havana Cuba in Spanish 0000 GMT 29 Sep 95)

Orlando Canota, national director for professional training on tourism, reports there are 20 tourism training centers in the country. These centers prepare personnel for the tourist sector. Opening for student registration depends on tourism forecasts and hotel construction plans. Most students are secondary school graduates and university undergraduates. (Havana Radio Havana Cuba in Spanish 0000 GMT 30 Sep 95)

The Petroleum Union has reported that Cuba plans to produce 1.5 tons of crude oil by 1996, more than twice the Cuban production before the disintegration of the Soviet Union, its main oil supplier, according to a 1 Oct report datelined Havana. (Havana PRENSA LATINA in Spanish 1633 GMT 1 Oct 95)

Roundup of Politburo Members' Activities

PA0110042395

[FBIS Editorial Report] The following is a compilation of reports on the activities of members of the Politburo of the Central Committee of the Communist Party of Cuba monitored through 30 September.

RAUL CASTRO sent congratulations to the people of Puerto Padre as their hometown obtained the status of protected municipality for defense. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 25 Sep 95)

CANDIDO PALMERO HERNANDEZ attended a ceremony in which the Blas Roca contingent was recognized for excellent work and efforts made in keeping equipment in good condition. In an interview, he said that the contingent has done an excellent job for eight years. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 25 Sep 95)

CARLOS LAGE DAVILA presided over the opening of the 9th meeting of Latin American and Caribbean environment ministers, which was held until 26 September at the Convention Center. (Havana Radio Rebelde Network in Spanish 1700 GMT 25 Sep 95)

PEDRO ROSS LEAL said that the Cuban Workers Federation is planning to beef up the work retired people do in their neighborhoods, as well as to reinforce the system of incentives for workers in their communities. He attended a friendly meeting with members of the National Secretariat of the Committees for the Defense of the Revolution, CDR's, the day before the CDR's marked their 35th anniversary. (Havana Radio Rebelde Network in Spanish 1700 GMT 26 Sep 95)

RAUL CASTRO sent a message of congratulations to CDR members throughout the nation on the occasion of their 35th anniversary. (Havana Cuba Vision Networks in Spanish 0000 GMT 27 Sep 95)

CANDIDO PALMERO HERNANDEZ said that Havana Province is in better condition to embark on the wheat campaign. He toured the municipalities of Guines, Nueva Paz, and Melena del Sur. Palmero pointed out that 1,000 or 1,200 men are needed to plant wheat this year, as opposed to the 4,000 men needed last year, because the Basic Cooperative Production Units, UBPC's, are better organized. (Havana Radio Rebelde Network in Spanish 1700 GMT 27 Sep 95)

RICARDO ALARCON DE QUESADA presided over a meeting held by the Country Friends Economic Society (Sociedad Economica de Amigos del Pais), formed by scientists, intellectuals, and workers, to analyze and repudiate the "legal freak" known as the Helms-Burton

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Bill. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 30 Sep 95)

Dominican Republic

Vice President Elected PRSC Presidential Candidate

PA0410011395 Madrid EFE in Spanish 1546 GMT 2 Oct 95

[By Alonso de Contreras]

[FBIS Translated Text] Santo Domingo, 2 Oct (EFE) — The electoral campaign for the May 1996 elections begins today following Sunday's victory of Dominican Vice President Jacinto Peynado in the primaries of the ruling conservative Social Christian Reformist Party (PRSC).

Peynado's election confirms that for the first time in 31 years, current Dominican President Joaquin Balaguer, who is 89 years old, will not be the candidate of the PRSC, the party he founded in 1965 and in whose primaries he did not vote on Sunday.

This change affects every detail of Dominican politics, whose electoral panorama is now defined by three main contenders: Jacinto Peynado of the conservative PRSC; Francisco Pena Gomez of the moderate leftist Dominican Revolutionary Party (PRD); and Leonel Fernandez of the leftist Dominican Liberation Party (PLD).

Only one of these politicians, Jose Francisco Pena Gomez, has been a candidate in the past. He has already been a candidate in 1990 and 1994. His opponents will be presidential candidates for the first time.

Balaguer's absence and Peynado's candidacy change even the government party's political trend: from a radical conservatism, absolute charismatic and paternalistic presidential rule, the PRSC is aiming at neoliberalism, economic pragmatism, and true enrollment into Ibero-American Christian democracy.

Peynado is the grandson of, and has the same name as, a former Dominican president prior to Rafael Leonidas Trujillo's dictatorship (1930-1961). Peynado came into politics from the business world and has good relations with business organizations, which have been outstanding promoters of modernization reforms in the country since last year.

Independent observers, diplomats, spokesmen of opposition parties, and even PRSC members in private say Peynado's victory is a defeat against Joaquin Balaguer's closest and most traditional group of associates, including the elderly president's so-called "palace elite" [anillo palaciego].

This partially explains why opposition parties have warmly welcomed the results of the primaries. Main opponent Jose Francisco Pena Gomez today told EFE that he congratulated Peynado and said that, in his opinion, "that party has reached its maturity and the beginning of democratization" through him.

However, he also added that the approximately 300,000 votes in the primaries "reflected the PRSC's true size, which had been inflated in the general elections" recently. Pena Gomez had denounced those elections as a "monstrous fraud."

Regarding the 1996 presidential elections, Pena Gomez agreed that the cards have already been laid on the table and the game has begun.

Voters' turnout in the primaries, although described as "massive" by acting PRSC President Donald Reid Cabral, places the government party at a difficult starting point.

Although Peynado surpassed nearly 60 percent of the pro-reform votes, he only obtained 157,000 votes from party members or followers.

The PRSC had officially obtained little over 1 million votes in May 1994. Therefore, diplomatic circles and independent observers interpret the voters' turnout in this Sunday's primaries as a punishment vote against the government's policy.

This policy was already criticized by Balaguer's strongest ally, the Catholic Church. On Sunday, Santo Domingo's Cardinal and Archbishop Nicolas de Jesus Lopez Rodriguez condemned the increasing difference between the rich and the poor in the country.

According to the constitution, the Dominican Republic's presidential elections are scheduled for 16 May 1996. On 16 August, Joaquin Balaguer should leave the office that he first took over in 1960, still during Trujillo's dictatorship, and has afterwards occupied for more than 22 years.

Haiti

Aristide Speaks Out on Privatization

PA0310214795 Port-au-Prince Signal FM Radio in French 1030 GMT 3 Oct 95

[From "The Waking Up Newscast"]

[FBIS Translated Text] In his first public statement on the privatization issue, President Jean-Bertrand Aristide says he is against the idea. I can have anyone who would like to take the assets of the Haitian state on behalf of the privatization of the state-owned enterprises arrested. This is a statement by President Jean-Bertrand Aristide.

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[Begin Aristide recording] If I learn now, while I am talking to you, of somebody who dares sell the state's possessions on behalf of privatization, I will have him arrested immediately. [end recording]

However, Smarck Michel, head of the Haitian Government, announces that the process of privatizing (?several) state-owned enterprises has already begun, with the remodeling of the material of the national flour mill which is the first step toward privatization. But agriculture is also concerned, according to the explanations of Haitian Prime Minister Smarck in an exclusive interview he gave to Signal FM.

[Begin recording] [Michel] Well, I believe that there have already been many privatizations in agriculture. When you speak of land reform, you speak of privatization, because the land will leave the hands of the state and pas into the hands of groups of peasants and private individuals. Thus, land reform is already a kind of privatization.

[Unidentified reporter] The minister... [pauses] the director of the national flour mill, who gave us an interview earlier, said that the money that was given for the remodeling of the material of the flour mill is intended to give the lady the flour mill (?represents) a better look, so that it can attract more gentlemen. What do you think about this statement?

[Michel] But it is true because when you are looking for people to help you by investing, to do it with you, you would rather have them see how nice the enterprise can be. This is because we are neither throwing them away nor getting rid of them or selling them off. We are not trying to make a bargain with them.

[Reporter] [Passage indistinct]

[Michel] Progressively, one after the other. We cannot do it all at once. [end recording]

Former General Murdered in Delmas Area

PA0310214995 Port-au-Prince Radio Metropole in French 1800 GMT 3 Oct 95

[Report by Clarens Renois]

[FBIS Translated Text] There is a new victim of violence in Port-au-Prince. Former General (Henry Max Maillart) was shot this Tuesday [3 October] on Delmas 41 [Street]. We are going to listen to Clarens Renois who is in the streets of Port-au-Prince.

[Renois, from mobile unit] It is a crime that seems to have been committed at about 0100 this afternoon — anyway, about one hour ago, according to the testimonies we were able to collect on the spot on Delmas 41. The car of former General (Henry Max Maillart) received several shots on its windows, windshield, and on the hood of the car in front of Teleco. There are at least 12 bullet impacts (?on the car) and the body of former general (Henry Max Maillart), the victim, is on the other side of the car, on the right side of the car. In other words, the bullet impacts, the power of the bullet impacts seem to have blown (Henry Max Maillart) out to the other side of the door. He is now on the floor on the back with his body torn up by the bullet impacts, which we noted. We are a few meters from the body which is covered right now with a white sheet the policemen put [words indistinct] a few minutes ago. The witness we met on the spot, both earwitnesses and eyewitnesses... [pauses] Certain people assert that they saw people getting into a little blue car and a man — seated in the back — who was shooting.

Another man was injured. A man who was near Teleco [telephone company office] right in front of the place where the crime was committed was hit with a bullet in the shoulder. He is now being treated atn a hospital in Port-au- Prince. There are now policemen from the national police and from the UN Mission in Haiti on the scene of the crime. Obviously, there is a crowd of people, people living in the neighborhood who ran to the spot to see this crime, perpetrated today, 3 October 1995. What is clear is that in order to do this almost perfect action the murderers had time to escape. Former general (Henry Max Maillard) was likely followed to be shot down here. The body is still here on the ground, in front of Teleco, on Delmas 41, where the police corps are on the spot to make the report. This was Mobile Unit 17 for Radio Metropole.

Scene of Incident Described

PA0410011195 Port-au-Prince Signal FM Radio in Creole 1800 GMT 3 Oct 95

[From the "Haiti Today" program]

[FBIS Translated Excerpt] [Leontes Dorzilme] The main point of the news is the death of Mr. Henry Max Maillart, which occurred about one hour ago in Delmas near the Teleco office on the Delmas road. Nirva, welcome to Haiti Today, in which you are going to give us details of the scene you encountered while you were on the road. You gathered information, and witnesses told you how the entire event occurred. Welcome to the Haiti Today program.

[Massillon] Good afternoon, Leon. Good afternoon to all Signal [FM Radio] listeners. We can say that actually, while passing on Delmas 41 — I usually take this road to come to Signal FM — I saw the body of a person on the ground. This person was in a little white Honda Accord car with the license number U-8631. This

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person is Mr. Henry Max Maillart. It is the [former] G-3 in the Army. We found him... [pauses] His car...

[Dorzilme, interrupting] Wait! We are going to get things straight. I see that you wrote I [letter in the license number], but you said U, which one is correct?

[Massillon] I. It is I.

[Dorzilme] The correct one is I. Ok.

[Massillon] 8631. He was in the pickup... [pauses], he was in the Honda Accord car. It is from a pickup that he was shot, according to the witnesses. But as for me, I can say that I saw with my eyes that he was lying, he had time to... [pauses] Despite being hit repeatedly, he was able to get out through the passenger's door, not through the driver's door, but he fell in the passenger's door where you can see — while looking at him on the ground — his entrails. The car was hit many times. We can see many bullet holes, in the windshield and the driver's door.

But according to the testimonies, the little Honda Accord was actually passing when a white pickup without license plates and carrying many men opened fire. It was not only one person; it was several people in the pickup who shot at the Honda Accord car with the license number I-8631 in which Henry Max Maillart, former general of the Haitian Army was.

During this action, another person called Clerzius Clerge was injured. He is a little shoemaker who was in front of the Teleco office. They used to make bags, wallets, and sandals there. A shoemaker is injured and Henry Max Maillart is dead.

[Dorzilme] In what state is this shoemaker? Did you manage to talk with him?

[Massillon] Well, this shoemaker could really not speak. He just said that he could not speak. Actually, we saw that he was hit in the stomach and that he had much (?blood) near his heart, we can say he received a bullet on the left side, on the side of the heart. He is in a state... [pauses] When I left, the police forces took him and put him in a car. He had already been bleeding for one hour and nobody could take him to the hospital. It was about 1345 when they put him in a car and took him to the hospital.

[Dorzilme] How did you manage to identify the injured person [as heard] as Henry Max Maillart?

[Massillon] It is the military on the scene, the policemen on the scene and the UN Mission in Haiti military who were there. We also saw other colleagues who already arrived, who already had time to identify him as the G-3 of the Army, the former G-3 of the Army, former general Henry Max Maillart. [passage omitted]

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Zedillo Vows 'No Irresponsible Fiscal Policies'

PA0310224095 Mexico City XEW Television Network in Spanish 0430 29 Sep 95

[FBIS Translated Text] [Announcer] President Ernesto Zedillo said in Coahuila that there will be no irresponsible fiscal policies, nor there will be populist policies harming Mexico.

[Unidentified reporter] We Mexicans must be committed to forging an alliance to reactivate the economy and to create better paying jobs. As he unveiled the 1995-96 Road Modernization Program in Piedras Negras, President Zedillo said that this alliance will seek more and better education for Mexicans and Mexicans' children.

[Begin Zedillo recording] This alliance is founded on our common interests; it is founded in our unity; it is founded in our common resolve to move forward. I am confident that, with this alliance, with this unity, and with this resolve, we will move forward for Mexico, for Coahuila, for Piedras Negras! [applause] [end recording]

[Reporter] President Zedillo visited Moclova on the morning of 28 September. In front of Coahuila businessmen, he pointed out that Mexico is forging an economy that does not have the vulnerability that triggered the crisis, adding that the great efforts we have made have prevented the crisis from acquiring larger proportions.

[Begin Zedillo recording] Our persevering efforts and the already attained results have a clear scope and a soundness that minor incidents and temporary phenomena of little significance must not disturb. [end recording]

[Reporter] The Mexican president told businessmen that, thanks to the adjustment program that was implemented, the liabilities owed to foreigners, which constituted an explosive factor in early 1995, have been drastically reduced. He pointed out that the Tesobonos [treasury bonds] balance, which exceeded $29 billion in December 1994, has been reduced by more than 90 percent to approximately $3 billion. Zedillo also affirmed that the Bank of Mexico international reserves today amount to more than $15 billion, which is an increase of more than $12 billion, as compared to the amount of reserves we had in January 1995.

In addition, he said that we are slowly, yet firmly recovering the confidence the international community had in the country's production capacity. He stressed that, thanks to the extraordinary growth in exports we have had this year, they already represent approximately 30 percent of the work Mexicans are doing.

The Mexican head of state later visited Piedras Negras, where he opened the 33 km-long Piedras Negras-Navas highway, toured the Piedras Negras Technological Institute, and presided over the urban development and environmental cleansing meeting held at the National Casino. He then witnessed the signing of the agreement among the Federal Electricity Commission, Conagua [expansion unknown], and the Coahuila government for the treatment of waste water to be used at the coal-fueled electrical plants.

Governor Rogelio Montemayor and the social development, education, and environment secretaries accompanied Zedillo in Coahuila. He returned to Mexico City later that afternoon.

Finance Secretary Views Market Stability

PA0310222795 Mexico City EL FINANCIERO in Spanish 29 Sep 95 p 4

[FBIS Translated Text] Finance Secretary Guillermo Ortiz Martinez has said that the outbreaks of nervousness and instability in the local finance market in the past few days are due to international and local factors but that this instability is temporary.

Leading international factors include the international market's erratic movements, while local factors include seasonal changes. In addition, there are several variables that have added to the problem, he said.

Interviewed at the close of the pact's weekly meeting, Ortiz said the current situation is very different from the one in the early months of the year. He also said that, at the end of the quarter, there are normally institutions that take precautionary measures.

Further, CCE [Business Coordinating Council] leader Hector Larios Santillan and Coparmex [Employers Confederation of the Mexican Republic] leader Carlos Abascal Carranza said that these kinds of fluctuations do not occur just in the Mexican stock market and that they hope the market will recover promptly.

Larios described the monetary policy as adequate and regarded as temporary the pressure applied on the exchange rate which, he thinks, does not weaken government expectations on macroeconomic matters. He invited the representatives of the various sectors to refrain from making remarks that could create uncertainty in the country.

In addition, Oppenheimer Securities experts in New York have advised that, despite the market's recovery, foreign investors are in a state of alert. Stephano Natella commented that the people have started to conduct analyses and make decisions based on an economic "no growth" scenario in which no positive results are registered and instead a drop nearly equal to that of

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the second quarter is expected in the third quarter. Poor results are also expected in the fourth quarter.

Regarding the current situation, Natella pointed out that the exchange rate adjustment has led to losses which will have to be absorbed sooner or later. He expressed confidence that the interest and exchange rate stability will lead investors to restructure their portfolios.

No Devaluation Risk

Enrique Villatela Riba, National Foreign Trade Bank of Mexico [Bancomext] director, and National Finance Bank [Nafinsa] director Gilberto Roja Navarrete have said that there are no technical reasons for devaluing the local currency again, relaxing monetary policy, or shifting the country's economic course. They think that the nervousness observed in the markets in the past few days will not endanger or disrupt Mexico's financial stability because "the situation is controllable." Interviewed at the end of the opening of the Integrating Enterprises' Meeting, the officials asked for time for the economic emergency program to yield fruit.

Gilberto Borja Navarrete admitted that the country is at the most critical time of economic adjustment and that the society's effort has been "tremendous." He also said that Nafinsa is just one more agent regulating the stock market. "It would be pretentious to think there is an institution that regulates the market. Nafinsa does not commit large resources to these things." He explained that there is concern in the international market and a high sensitivity in the stock market. Nevertheless, he admitted that, "in general, people are concerned over the most recent events. All kinds of people who had previously thought otherwise have made remarks. What they said and why they said it has elicited great controversy. All that causes confusion."

Borja Navarrete added, however, that Mexico is a free country and that, if people are forbidden to speak — as in the case of the former presidents of the Republic — "we would also be forbidden to speak someday."

Borja Navarrete, a prominent figure in the body of Salinas' advisers, pointed out that the former presidents have broken unwritten laws because the country has indeed changed. "At present, we have an opening. If the people want to speak, I would only suggest that they speak well."

Later, he discussed the economic adjustment program, saying there is no deadline for it to expire but that there are goals of figures and statistics. "What we should be concerned about is for the program to yield results and for us to show signs of recovery with government investment."

The Nafinsa board member stressed that the macroeconomic and expenditure control figures had been properly gauged.

He pointed out that the concept of an economy with safety pins was a different matter: "the entire banking system, and every sector feels the effects of political and social decisions, yet that does not mean that an economy is being held together with safety pins. Since January there has been a search for financial market stability through a program of adjustments that is being carried out."

Just as Enrique Vilatela did, the Nafinsa director explained that the adjustment plan prescription had been bitter and difficult. "Society has truly been affected by this program. Without any doubt we still have unemployment, we still have little investment, not much business growth, and I believe that we are at the most critical moment of the adjustment."

On the other hand, Bancomext director Enrique Vilatela Riba pointed out that there is still $5 billion available to support exporting companies.

He predicted that markets will tend to stabilize during the next few days once it becomes evident that the reasons that caused market anxieties are no longer valid since exports are growing, the current account is at equilibrium, and there is a surplus in the trade balance.

The Bancomext official explained that the floating exchange rate policy must continue in effect because "we have no other suitable alternative," and clarified that the country requires an exchange rate policy that will encourage exports.

In pointing to the success of the latest emission of Bancomext bonds in the Japanese market, Vilatela stated that by having a floating exchange rate we should not be surprised by the ups and downs, and that upward swings in the exchange rate also tend to benefit the country's exports.

Vilatela Riba indicated that the economic program has several components that require time to work, but that the situation is much more solid than what we were having at the beginning of the year.

On the other hand, PRI [Institutional Revolutionary Party] Deputy Sebastian Lerdo de Tejeda addressed the need to be able to count on a more solid and stable financial system so that whenever political declarations are made, the system itself will not be enmeshed in situations that will cause upheavals.

The PRI also pointed out the need for a climate of certainty to prevail in the country so that the financial

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system will no longer be subject to oscillations that may be prompted by statements being made by political figures.

On the other hand, the National Action Party insisted on in-depth economic reforms in view of the fact that with the government's shock plan having been effect more than six months, failures have been more than evident.

Government Secretary Encourages State Reform Dialogue

PA0410020795 Mexico City NOTIMEX in Spanish 0052 GMT 30 Sep 95

[FBIS Translated Text] Mexico City, 29 Sep (NOTIMEX) — Mexican Government Secretary Emilio Chuayffet Chemor called on all political parties today to eliminate obstacles to the resumption of the national political dialogue for state reform.

After being sworn in as president of the General Council of the Federal Electoral Institute (IFE), the official said the government of the Republic is ready to reach a consensus on state reform by means of negotiations.

If we want to reach agreements on state reform by finding solutions to previous circumstances and conditions, it will be delayed "and it could take so long that the time consumed could end up eroding political initiative," the secretary said.

Chuayffet Chemor said that if we decide to work on state reform when the national political horizon is totally free of problems "it will never be done," because no country has these kinds of conditions.

In his message, the president of the IFE welcomed the decision made by certain parties to initiate the dialogue for state reform, and he promised to simultaneously seek solutions to controversies, which in practice seem to contradict this process.

In addition, he said the IFE is able to play a relevant role in the promotion of change and added that "in the face of the transformations that lie ahead of us, its members must act out of good faith and not out of suspicion."

During a regular IFE session, the government secretary said, "bearing in mind the realities on which we must base ourselves, it is necessary to admit that this is no time for unilateral action when facing our problems.

"There is no official version of the problems facing Mexicans," he said after noting that opinions need to be confronted, priorities need to be determined, and schedules need to be drafted "so we do not condemn ourselves to a reform process that tries to embrace everything, but ends up doing nothing."

Mexico is living through difficult moments, he said, and in spite of that, President Ernesto Zedillo is determined not only to overcome the economic crisis but to achieve, with everyone's participation, a deep reform of the Mexican state.

The political reform proposed by President Ernesto Zedillo is feasible with the current institutions, the official said.

"Mexicans believe in the possibility of state reform without resorting to the sophism that a perfect democracy cannot emerge from an imperfect democracy," which, he said, "would force us to abolish everything in order build institutions again."

Chuayffet Chemor denied that state reform is simple rhetoric limited to a variation of speech or of structural colors so that everything remains unchanged or an academic exercise that is first cultivated in laboratories.

"This process," he said, "requires objectives, a clear diagnosis, and an effective method. Proposals have been discussed to achieve this, and a full agenda of topics exists which has been drafted by society, political parties, and the government."

He said that, when he was sworn in president of the General Council of the IFE, he made the commitment to maintain an impartial attitude above party interests and a commitment to dialogue to arrive at a consensus that will promote the improvement of democracy.

PRD Claims President Eludes Calls For Reforms

PA0310224395 Mexico City EL FINANCIERO in Spanish 28 Sep 95 p 4

[Report by Salvador Rico]

[FBIS Translated Text] Porfirio Munoz Ledo stipulated yesterday that, up until now, the government of Ernesto Zedillo has continued to dodge its responsibility by not encouraging a political dialogue that would lead to state reforms.

He warned that time is running against the country's stability and governability.

The president of the Party of the Democratic Revolution [PRD] cautioned that as long as the resumption of the national political dialogue continues to be postponed, there will be less opportunities to find solutions to the crisis affecting the country.

Munoz Ledo made the previously mentioned observation in disclosing a nine-point resolution in which the PRD's National Executive Committee (CEN) urges the adoption of concrete measures that would lead to an "agreed transition."

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The PRD leader reaffirmed the urgent need for the start of a dialogue between the country's political forces, civilian organizations, and society as a whole in order to find a peaceful and effective solution to the country's problems.

The resolution, which was based on agreements made during the party's Third National Congress was made public during a news conference held at the PRD's headquarter in Monterrey 50.

The main point of the document consists of "making an urgent call to the government, the political parties' represented at the Congress of the Union, as well as all social organizations, to initiate a national dialogue leading to an agreed transition to overcome the crisis the country is undergoing and reestablish a democratic state of law based on modern new ground rules."

In one of the other points, the resolution pronounces itself against the climate of social decay and authoritarianism prevailing in the country for which the government is responsible, and deriving from a campaign of repression against PRD members, many of whom have been murdered in Chiapas, Guerrero, and several other states."

The document urges the federal government to "clarify all murders, punish those responsible, and provide a legal and safe climate for political activism by our party membership."

Mario Saucedo Perez and Jorge Calderon, secretary general of the CEN and International Relations secretary respectively, also addressed the same issue.

Saucedo referred to the case of the state of Guerrero and pointed to the crisis of ungovernability taking place in the region. In this respect he argued that the mere fact that Governor Ruben Figueroa Alcocer has been allowed to remain in power despite having been accused of being responsible for the massacre that took place in Aguas Blancas, municipality of Cayuca de Benitez, is concrete evidence of the political decay taking place in the country.

In order for political confidence to be reestablished and for in- depth reforms to take place, Saucedo Perez stressed, it is fundamental for justice to be made in Guerrero and other regions confronting similar problems.

Archbishop Challenges Economic Model

95CA0404A Mexico City LA JORNADA in Spanish 22 Sep 95

[Article by Jose Antonio Roman — received via Internet]

[FBIS Translated Text] The situation of poverty, marginalization, and unemployment in the country shows that the economics-centered model for social development which has been applied so far "is not the choice" for true national progress, the archbishop primate of Mexico, Norberto Rivera Carrera, asserted yesterday.

He said that the more the industrial development-focused economic model moves ahead, the more it seems that not only are the long-standing problems of poverty and marginalization among broad segments of the population not disappearing but many other threatening problems are emerging as well.

Among these new woes, the prelate cited the squandering of natural resources, environmental pollution, the increase in everyday distress and anxiety, automation and the subordination of people to machines, the planetwide growth of transnational dependency, and paradoxically, unemployment.

Presiding over the mass that marked the beginning of the Campaign for Charity, which will focus its attention on the problem of jobs, Rivera Carrera said that he realized that creating jobs is a complex matter that entails major political and economic decisions that are difficult to confront but, in the final accounting, can be made.

"This is precisely what society is demanding. This demand is just in its ethical implications," he underscored, after stating that owing to the "particularly trying" situation today, the number of jobless people has risen "alarmingly" and along with it economic and social insecurity in the country.

During the religious ceremony, held at Jesus Obrero parish in colonia [urban community] San Juan de Aragon, the archbishop called on all segments of society, including the government, employers, and workers, to apply their creativity and everything else they can to overcome the economic crisis that is besetting the country today.

He felt that decisive promotion of microeconomic initiatives is a viable alternative for meeting people's genuine needs amid this crisis.

Likewise, he indicated that the means which make work possible must be placed in the hands of families and groups so that the economy can serve people,

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not vice versa. Family-run enterprises seem to be an alternative, as is active participation by the workers in the management of a company, no matter how large it is.

In his appeal to the government the high-level prelate of the Catholic Church "begged" the civil authorities of the country and of this city, on whom the social policy for job creation most depends, to monitor the performance of the economy closely and "remember that a sound, human economy will always give priority to job creation."

In this regard, he added that only the worthy, human labor of each man and woman will be able to sustain a sound and true economy. The country and Mexico City need an economy that focuses on people and is concerned with the welfare and productive capacity of Mexicans.

In his seven-page message, which he wrote especially for this event, Archbishop Rivera voiced his concern over the "anguished faces" of the elderly, who because they are old are the first to be hit by massive layoffs; of women, who at times face a pressing need to find sustenance for their families; and of young people, who have a legitimate desire to train for the future but are unable to do so because they have no real opportunities to improve themselves.

He asked investors to bring their interests in line with those of the majority of the population in order to prevent socially disastrous situations such as the various manifestations of violence.

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Guatemala

Defense Minister: URNG Not Complying With Agreements

PA0310224195 Guatemala City Televisiete Television in Spanish 1900 GMT 29 Sep 95

[From the "Channel Seven News"]

[FBIS Translated Text] Defense Minister Mario Rene Enriquez Morales has said war taxes charged by the Guatemalan guerrillas are a clear violation of the overall agreement on human rights signed last year.

[Begin recording] [Enriquez] Those war taxes are extortion [words indistinct] a violation of human rights. That is what it is. If the URNG [Guatemalan National Revolutionary Unity] has control over people who [word indistinct] them here in Guatemala, it should stop once and for all violating the human rights that all Guatemalans have to live in peace.

[Unidentified reporter] Do you think an agreement should be sought at the negotiating table to eliminate once and for all these [word indistinct] now that [word indistinct] topics are being discussed?

[Enriquez] No, because that subject was included in the overall agreement on human rights signed a long time ago. In fact, the [words indistinct] is currently verifying compliance with that agreement on human rights. It was an agreement between the government and the URNG. The government is fully complying and making great efforts to comply with the agreements on human rights in order to make a reality the total respect for human rights in Guatemala. For this to happen, however, the URNG must also contribute, which they are not doing. The URNG is violating human rights by extorting money from people and forcefully demanding the ill-named war tax.

In addition to that, there are also [words indistinct] threats, as you have heard in recent reports. I believe that it time to call off that procedure, which has been repudiated by the national and international public, by the nongovernmental organizations, human rights organizations, the ombudsman, the UN Mission for Guatemala, and everybody, therefore, the agreement should be respected. [end recording]

Honduras

Immigration Official Comments On Illegal Aliens Traffic

PA0310223895 San Pedro Sula TIEMPO in Spanish 2 Oct 95 p 9

[FBIS Translated Text] Tegucigalpa — Immigration Director Angelina Ulloa Duarte has said that, despite the arrest of illegal aliens, the flow of immigrants to the United States has not decreased, because Honduras has 93 blind spots, and it is difficult to exercise control.

Ulloa Duarte noted that the migratory police in Central America do not have adequate means to mobilize to the border, while the "coyotes" have the means to evade actions by the authorities. For this reason, there is no possibility of decreasing the illegal traffic.

Ulloa Duarte added that there are 93 blind spots at the Honduran border with Nicaragua, El Salvador, and Guatemala. Furthermore, as authorities discover these blind spots, the illegal aliens open new points of traffic.

Ulloa Duarte believes the border residents do not cooperate with the police, and on the contrary they admire the "coyote," who is distinguished as the best illegal "smuggler."

Ulloa Duarte said that on 5 and 6 October regional immigration directors will meet to discuss the flow of immigrants and study the possibility of establishing standard criminal laws for the traffic of illegal aliens.

Judge in Callejas Case Jailed

95CA0405A San Jose LA NACION in Spanish 10 Sep 95

[Received via Internet]

[FBIS Translated Text] Tegucigalpa, 10 Sep (ACAN-EFE)—A former Honduran judge who supported ex-President Rafael Callejas in a lawsuit with a diplomat involving land was jailed for presumed irregularities committed in that case. This was reported yesterday by a police source.

Eliseo Moreno Pena, ex-judge of Amapala, a port on Tigre Island, in the Gulf of Fonseca (Pacific), was arrested on Thursday by agents from the Directorate of Criminal Investigation [DIC] in the town of Nacaome, in the southern part of the country.

Moreno Pena is incarcerated in Amapala at the order of that locality's court of criminal proceedings, which has accused him of prevarication, abuse of authority, and forging of documents: crimes presumably committed by him on Callejas' behalf. A source from the DIC in Tegucigalpa notified ACAN-EFE of this.

According to the source, the ex-judge (who, between 1989 and 1994, headed the same court that ordered his capture) deleted stamps and signatures from certain documentation, putting on record the existence of other documents not included in the proceedings.

The ex-chief executive was sued in 1992, while he was still president, by the then Honduran ambassador to

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Great Britain, Max Velasquez Diaz, who claimed a plot of land in the coastal section of Coyolito, in the Gulf of Fonseca. There, Callejas built a mansion worth several million lempiras.

Callejas alleges that the land had been donated to him by a businessman, whereas Velasquez Diaz, now Honduran ambassador to France, claims to have purchased it legally from the heirs of an old southern family.

Moreno Pena found in favor of Callejas, but Velasquez Diaz continued the case on other jurisdictional levels, such as the Court of Appeals and the Supreme Court of Justice, in an attempt to recover the real estate.

As part of this action, on 5 September Judge Jacobo Gutierrez issued the arrest warrant for Moreno Pena.

The source asserted: "For this arrest warrant to be issued, there had to be documentation supporting the claim that abnormalities existed" in the proceedings conducted by Moreno Pena.

Callejas and his ex-ministers are facing proceedings in a Tegucigalpa court for presumed acts of corruption, but they have been suspended while the Supreme Court of Justice decides on three appeals of unconstitutionality filed against the Public Prosecutor's Office, which brought the charges.

The ex-president is benefiting from immunity because he is a member of the Central American Parliament, while most of his ex-ministers have avoided going to jail by posting bail.

CODEH, Police Dispute Extrajudicial Killing

95CA0409A San Jose LA NACION in Spanish 20 Sep 95

[Received via Internet]

[FBIS Translated Text] Tegucigalpa, 20 Sep (AFP)—The extrajudicial execution of four alleged criminals in Honduras unleashed a confrontation between the Committee for the Defense of Human Rights in Honduras (CODEH) and the police, in an atmosphere of widespread concern about the crime wave that is buffeting this Central American nation.

The CODEH blamed the police for the deaths, which occurred last weekend. Police officials, on the other hand, denied responsibility.

The bodies were found in separate places with execution-style bullet wounds to the head and signs of torture, typical of the work of "death squads," said local sources.

Ramon Custodio, chairman of the CODEH, contended that the chief of Regional Command Seven (CORE-7) of the Tegucigalpa Police, Lieutenant Colonel David Mendoza, "is a suspect" in the killings.

Custodio based his assertion on the testimony of Briselina Garcia, mother of Marco Servellon, one of the four young murder victims. She said that on Saturday she had seen her son in custody at CORE headquarters.

That Saturday afternoon she went to bring him food, but she was told that he had been released. By Sunday, the body was found on a highway on the northern edge of the city, said the woman, who asserted that her son was not a criminal.

In Custodio's view, the "situation is alarming," because CODEH has recorded 42 extrajudicial executions so far in 1995, and "the police and private individuals cannot be taking justice into their own hands, imposing the death penalty." There is no death penalty in Honduras.

Police Chief Mendoza admitted that the young man had been one of 117 "blackfaces (gang members)" who were arrested for causing disturbances in the Independence Day parades last Friday, but claimed that he was released on Saturday.

He added that the detainees had "long criminal records" and could have been killed by "people who had been robbed by them, or whose relatives had been."

The national police chief, Colonel Roberto Lazarus, surmised that the gangs are killing each other because of "territorial" disputes.

"We are trying to determine who caused these deaths, because no one can take justice into his own hands," he said.

Lazarus criticized the chairman of the CODEH for not mentioning the fact that in the fight against crime, 80 agents and at least four police officers have been killed this year. He warned that Custodio should prove his charges against the authorities.

The chief of the Directorate of Criminal Investigation (DIC), Wilfredo Alvarado, said that the murders are being investigated, because "aside from any crime that they (the execution victims) may have committed, the final solution should not be someone deciding on life or death."

Several people who called radio stations spoke in favor of the police in the dispute with the CODEH chairman, whom they accused of protecting criminals.

Meanwhile, President Carlos Reina declared that "an investigation will take place so that we can put a stop to this (the executions) and punish the guilty parties."

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The chief of the Armed Forces, General Luis Alonso Discua, announced that he had ordered the Army to reinforce the police on patrols around the cities to combat crime, which is the subject of constant protests by the citizenry.

The police chiefs complain that they do not have enough men or resources to contend with the criminals, who often are better armed than law enforcement agents.

WTO Favors Entry of Textiles Into U.S.

95CA0414A San Jose LA NACION in Spanish 20 Sep 95

[Received via Internet]

[FBIS Translated Text] Tegucigalpa, 20 Sep (ACAN-EFE)—The World Trade Organization (WTO) ruled in favor of Honduras and ordered the United States to suspend or expand the quotas it imposes on Honduran textiles, reported a textile industry source yesterday, Tuesday.

Honduras turned to the WTO after the United States imposed the quotas on three categories of textile products, which threatened several manufacturing plants ("maquiladoras" [assembly line industry]) with closure and jeopardized the jobs of their employees, most of them women.

The president of the Maquiladora Association of Honduras, Jacobo Kattan, stated that the U.S. Department of Commerce agreed to remove the quota of 157,000 dozen pairs of pajamas made of cotton and synthetic fibers.

The WTO also ruled that both countries should negotiate the purchase of underwear and jackets, although the United States expanded the quota in the first category from 6.5 million to 45.4 million dozen, and from 14,000 to nearly 39,000 dozen in the second category. These are considered transition quotas just for this year.

The United States alleged that Honduran exports were harmful to its textile industry and were having repercussions on employment in that sector.

Kattan emphasized that the success of the negotiations at the WTO, which were finalized in Geneva, Switzerland on the 15th of this month, will enable Honduras to boost its textile production capacity.

The Honduran assembly industry, which encompasses more than 100 plants, generates approximately 65,000 direct jobs in the northern region of the country. Its annual production is estimated at more than 600 million lempiras (more than $60 million).

Nicaragua

Government Asks For FBI Help in Bombing Investigation

PA0410022995 Managua Canal Dos Television in Spanish 0045 GMT 3 Oct 95

[From the "TV News" newscast]

[FBIS Translated Text] Presidency Minister Julio Cardenas said this afternoon that the government is already taking the necessary steps to request FBI assistance.

[Begin recording] [Unidentified reporter] Does the government agree the FBI should come to investigate the bombings because the police investigations have not yielded any results?

[Cardenas] No. What we often need is assistance. In this case, we are talking about steps being taken after the United States made an offer to send a technical commission from the FBI to provide us assistance in a series of procedures we are following in this case. The Nicaraguan Foreign Ministry is taking the necessary steps before the U.S. Government. That is the legal procedure that has to be followed before any FBI representative can arrive here. What we are carrying out are steps between governments. There is a procedure and an agreement that must be fulfilled through diplomatic channels.

[Reporter] Does this mean the Nicaraguan police is incapable of doing this work?

[Cardenas] Absolutely not. I believe each one of us calls for help when we are faced with certain difficult situations. When this happens, we ask for advisers. There are a series of friendly government who have offered to help. We have done it in the past. In the past, we have asked these friendly governments to help us. It is a complement to the actions we have been carrying out with our own police forces.

[Reporter] The Cardinal has said that [words indistinct] the FBI?

[Cardenas] The Cardinal was informed about this. Mrs. Violeta Chamorro told him that she was willing to ask for this assistance and he probably concluded that since the steps have been carried out, the FBI people are about to arrive here soon.

[Reporter] Commander Daniel Ortega strongly rejected the possibility of allowing FBI agents to come to Nicaragua because he said this is intereference in the internal affairs of Nicaragua. What is the government's viewpoint in this regard?

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[Cardenas] These are government matters. The government has made the decision to seek assistance if it deems it advisable. As I said before, we are already carrying out the necessary steps so that the FBI can provide assistance to us.

[Reporter] The police concluded an investigation. Do they have a conclusive report in this case?

[Cardenas] There is no conclusive report in this regard. On the contrary. We are asking for this assistance precisely because there is no conclusive report on the case.

[Reporter] Have you given them the authorization to come here?

[Cardenas] Of course. The steps are being taken through diplomatic channels. This is the correct procedure for that. Thank you. [end recording]

Apparently this news has caused some discomfort for former President Daniel Ortega, who did not hesitate in saying that beside being an intervention it was funny for the FBI to be coming here to investigate the bombings.

[Begin Ortega recording] It is funny for them to be coming here. They cannot guess right when it comes to the crimes in their own country. They should investigate who killed former President Kennedy in the United States. That crime is still a mystery. The years have gone by and no one knows who killed Kennedy. Let us not go too far back. A bomb recently blew up in Oklahoma and they have not yet found out who did it. Members of U.S. intelligence are all over the place there, but now they are coming here to investigate. I would describe it as a political intervention in our country. I reject the presence of a foreign agency in our country. I see no sense in this. I do not see how they are going to contribute to the investigations. On the contrary, it could contribute to political suspicions. I believe we must provide support to our institutions. We have to strengthen our own institutions so the culprits can be found. Meanwhile they should investigate those who are committing crimes in the United States. Crimes in the United States remain a mystery. [end recording]

Ortega made the statements after meeting with the president of the National Assembly.

Finance Minister Denies Giving IMF Inflated Figures

PA0410004895 Managua EL NUEVO DIARIO in Spanish 28 Sep 95 pp 1, 8

[FBIS Translated Text] Foreign Cooperation Minister Erwin Kruger has denied that the administration deceived the IMF by providing it with inflated figures, but he acknowledged a deficit in the capital accounts does exist.

An IMF evaluating commission revealed a very difficult situation for Nicaragua regarding its international reserves and its government expenses, which the commission recommended should be drastically cut, and that funds should be transferred to the Central Bank — whose reserves are being seriously affected by the administration's spending in different areas.

According to Chamber of Commerce Secretary General Roger Cerda, Minister Kruger, with meager persuasion on this issue, said that there is a zero net financing agreement with the Central Bank regarding the administration's current expenses. However, the institution will have transferred approximately 431 million cordobas to pay the government deficit.

Responding to questions asked by EL NUEVO DIARIO during his visit to an old-age home located some 12 km southeast of Managua, Dr. Kruger said that the deficits were in the government's capital spending.

HE ACCEPTS THERE IS A GAP IN THE STATE

Kruger said that a gap existed "because we do not generate enough tax income to cover the spending program," and "we are engaged in an high cost program because the country's infrastructure is in ruins."

Regarding the pressure the IMF is exerting on Nicaragua to fulfill an agreement between the administration and the multilateral institution, Kruger said that a proposal is being endorsed to rectify any deviation from the economic program.

In this regard, the IMF would increase pressure on Nicaragua to follow strict fiscal and monetary discipline, which would confirm the recommendation made by the evaluating commission that the Nicaraguan Electricity Enterprise should transfer 418 million cordobas to the Central Bank.

HE SAYS THE BRIDGE PROGRAM IS POSITIVE

For the minister, the bridge program agreement means that Nicaragua will continue to receive external funding, which he considers positive. However, Kruger complained of a lack of coordination in the loan disbursements of the World Bank, part of which were being used to repay loans approved by the Central American Economic Integration Bank (BCIE).

According to the evaluating commission's documents, the IMF recommends renegotiating the delay with the BCIE, that is, not to make payment to the regional organization a priority issue at this moment.

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"The external debt payment issue is serious," Kruger acknowledged, recalling that the country pays its debts with foreign funds. However, Kruger recalled that often the flow of the funds does not coincide with the moment of payment, and that currently there is a lack of synchronization regarding the loan disbursements of the World Bank.

Kruger explained that Nicaragua is paying with loans from foreign banks and international organizations, such as the BCIE, by soliciting long term loans. However, as long as the nation does not receive money from the World Bank, it will continue to spend and affect its international reserves.

THEY WILL CRY UNCLE

Kruger announced that the administration will ask the World Bank for a more flexible position regarding the disbursement of funds to satisfy the country's creditors. Kruger also reported Nicaragua was seeking support from the international community to make payment on the BCIE loan and reduce the level of debt with the regional financial organization.

"We have already scheduled $550 million in international cooperation for this year; however, the cash disbursements have been delayed," Kruger reiterated. Kruger pointed out that that is why the financial agreements signed by the administration with the IMF and with the Paris Club have not been fulfilled.

Regarding the use of the word deceiving in relation to the numbers given to the IMF, Kruger said he believes that the numbers are being handled correctly by the administration and added that the institutions under his charge are responsible institutions. Kruger added: "I would be very surprised if the numbers had been distorted."

FSLN To Hold Primary Elections in Feb 1996

PA0210235195 Managua Canal Cuatro Television in Spanish 0400 GMT 27 Sep 95

[Report by Josie Castillo; from the "Extravision" newscast]

[FBIS Translated Text] Sandinists and non-Sandinists will be able to participate in the FSLN [Sandinist National Liberation Front] primary elections.

FSLN is the first party in the country's history that holds primary elections to choose candidates for public posts. What are primary elections?

[Begin recording] [Jose Villavicencio, member of the FSLN's electoral commission] All citizens can participate. This is the novelty in these primary elections.

[Castillo] Even candidates can participate?

[Villavicencio] In the primary elections all citizens who desire to vote for a hopeful of their choosing can participate, whether the hopeful is an FSLN member or not.

[Castillo] Can they participate as candidates?

[Villavicencio] Candidates and FSLN hopefuls can participate, although there might be hopefuls that do not belong to FSLN.

[Castillo] How do primary elections operate? Over the weekend, specifically on Sunday, the Sandinist Assembly approved regulations, dates, and decided that everyone can participate in primary elections. What will happen between now and February, when the primary elections will be held? What mechanisms lead to these elections?

[Villavicencio] The organizational system is considerably complex because there are three election levels. The mechanism is so complex that we have to devote the months of October and November to training all members of the FSLN's municipal, district, and departmental electoral and (?directorate) commissions. [end recording]

In a single Sunday, starting at 0600, more than 5,000 voting centers will receive more than 400,000 people, the number expected to vote at the primary elections.

[Begin Villavicencio recording] Everyone who wishes, Sandinists or otherwise, can participate in these primary elections. We will set up Sandinist voting centers, of which there can be two, three, or four in a neighborhood. In a region, there can be one or two centers, depending on the number of inhabitants. Voting ballots will be printed. Any one person can register as hopeful for mayor, deputy mayor, municipal councilman, departmental deputy, national deputy, Central Parliament deputy, and president and vice president of the Republic. There are three levels. The first level is municipal, the second is departmental, and the third is national. These three levels of candidates will all be voted for at Sandinist voting centers. [end recording]

Panama

Envoy Views Upcoming Talks on Permanence of U.S. Bases

PA0410042095 Panama City Circuito RPC Television in Spanish 2300 GMT 3 Oct 95

[From the "RPC Television News" newscast]

[FBIS Translated Text] Ricardo Alberto Arias, Panamanian ambassador to Washington, said that around the

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middle of this month or early November our country and the United States could initiate conversations about the permanence of some military bases located on the banks of the canal. Arias added that there is still no exact date and that it is not known yet who will be the Panamanian delegates that will compose the negotiation commission.

In his recent visit to Washington, Panamanian President Ernesto Perez Balladares and his colleague Bill Clinton agreed to explore the possibility of U.S. military permanence after the year 2000.

Ruben Blades Against Stay of U.S. Troops

PA0410022895 Panama City LA PRENSA in Spanish 1 Oct 95 p 2A

[Report by Manuel Alvarez Cedeno]

[FBIS Translated Text] Ruben Blades, former presidential candidate and salsa star has said that Panama would tell the world that we "are irresponsible and unable to assume the responsibilities of a free country," should U.S. military presence be extended beyond the year 2000.

Blades, also a Hollywood actor, questioned the Democratic Revolutionary Party (PRD) through the media and rejected President Ernesto Perez Balladares' recent decision to begin talks with the U.S. Government on a possible extension of U.S. troops stay in Panama.

Along the Canal area, the United States keeps 10 defense sites and approximately 8,000 soldiers, who will have to depart by 31 December 1999, according to the 1977 Torrijos-Carter Treaties.

Blades believes that if the Panamanians allow the stay of U.S. troops "we would tell the world that we are irresponsible and unable to accept and face the responsibility of our decision to be free," and will show that "we are a colony masked as a republic."

Some U.S. authorities say that a segment of the military forces should stay in Panama beyond the year 2000 in order to fight drug trafficking in the hemisphere."

Blades, who was the Papa Egoro Movement candidate during the May 1994 elections, challenged the PRD, which has changed its critical attitude toward U.S. administrations under Perez Balladares.

Galindo Tells Legislators President's Tour Success

PA0410010295 Panama City LA ESTRELLA DE PANAMA in Spanish 29 Sep 95 p A-1

[Report by Cristobal A. Chen]

[FBIS Translated Text] Foreign Minister Gabriel Lewis Galindo yesterday outlined before the Legislative Assembly the achievements accomplished during the president's 20-day tour of countries in America and Asia.

Addressing the legislature's Foreign Relations and Canal Affairs Commissions, Lewis Galindo said that "we have managed to interest new U.S. firms in participating in our development efforts."

Lewis Galindo asked local political forces represented in the legislature to "depoliticize" the investment issue in order to deal with unemployment.

"If interest in attracting foreign investors is hindered by partisan selfishness, thousands of fellow Panamanians who have no secure source of income will suffer," he said.

He likewise disclosed that a technical commission sent by "Eurochamber," an organization that represents European businessmen, "will come here to examine on-site the possibility of investing in the reverted areas."

"Likewise, several U.S. firms have sought guidance on the process of technicalizing telecomunications, and they have decided to share in taking advantage of tourism in the reverted areas," the top official told the legislators.

"I feel deeply encouraged because the atmosphere surrounding Panama's efforts is one of acceptance, encouragement, and support," Lewis Galindo stressed.

Referring to a possible renegotiation of the U.S. military presence in national territory beyond the year 2000, Lewis Galindo reiterated that "no proposal has been set forth."

As for the possibility that Panama grant asylum to Bosnian refugees, Lewis Galindo also said that "no formal proposal has been received from international organizations."

Lewis Galindo announced that the UNHCR office might conduct a poll in various countries to determine whether they are willing to accept the refugees.

He added unofficially that Panama may be asked to admit 250 people who would be selected "using our best judgment."

Official, Businessmen Comment On Results of Asian Tour

PA0310231895 Panama City EL PANAMA AMERICA in Spanish 29 Sep 95 p B-1

[Report by Bienvenido Mojica]

[FBIS Translated Text] The Asian investors with whom the Panamanian delegation talked during the tour of the United States and Asia have suggested to the national

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government the permanence of the military bases in Panama after the year 2000.

Ricardo Duran, foreign relations minister's promotion and investment director general, made this statement at a meeting he held with the National Economic Development Association [Asociacion Nacional de Desarrollo Economico] (Anadeco).

Duran explained that it was only a suggestion Asian investors made, not a condition to invest in Panama. However, the source agreed with the military permanence in the country after the year 2000 and described the foreigners' proposal as positive and serious.

He also asserted that, the North American military presence is a stabilizing factor and explained that such countries as Korea, Hong Kong, and Singapore pay the United States to keep military bases in their territories.

The source disclosed that achievements of the tour will be slowly noticed, including the December 1995 arrival of the EVA Airways Corporation, which belongs to the Evergreen Group and which will have weekly flights to Panama following the Taipei-Los Angeles-Panama City route.

Panama is also awaiting negotiations on a free trade agreement with the United States. These negotiations would start once the United States ends its negotiations with Chile, the source added.

The promotion and investment director stressed that the international community has confidence in and is serious about the Panamanian proposal, thus improving the national image.

Meanwhile, Anadeco President Kaiser Bazan said that investors see Panama as a center to distribute their products to the North American market. This is why they are suggesting the permanence of military bases in Panama.

Bazan pointed out that all we have left to do is to make arrangements to renegotiate the bases without harming sovereignty.

Starting next year, large Taiwanese investments will be made in Panama, including the construction of a container port and industrial parks.

In the meantime, Marcos De Obaldia, member of the Inter-American Council of Commerce and Production (IACCP), affirmed that Panama must make efforts to make more tours, not necessarily to Asia, to lure investors. He stressed that Panamanian business groups must be granted the opportunity to make these tours, so that the president of the Republic will not be forced to go.

Meanwhile, Juan Francisco Pardini, American Chamber of Commerce (Am-Cham) president, assessed that the promotion tour "has been quite positive." However, he pointed out that the results will not be seen immediately, because Asians are very careful with their investments. "It is important that we Panamanians recognize that Panama is fully competing with many other countries, including Vietnam, Malaysia, Indonesia, the Philippines, and even the PRC," Pardini maintained.

In order for foreign investors to come to Panama in light of the many offers it is receiving, the economic reforms the government is promoting must be concluded and the future relations with the United States must be made tangible, the Am-Cham president added.

He explained that "we must develop a unified national awareness to face the challenge of luring the foreign investments necessary to curb unemployment. [no closing quotation mark as published]

During the presidential tour of the Far East, among other things, we got a commitment from Taiwan to increase the quota on the agricultural and industrial products, including coffee, beef, leather, and cookies, that Panama exports there.

Planning Minister on International Financial Support

PA0410023195 Panama City LA PRENSA in Spanish 1 Oct 95 p 2-A

[Report by Manuel Alvarez Cedeno]

[FBIS Translated Text] The International Financial Institutions (IFI) issued a "letter of support" advising the world economic community that they agreed to help Panama, Planning Minister Guillermo Chapman has said.

Panama is currently negotiating with the IFI, IMF, World Bank, and Inter—American Development Bank (IDB) to reschedule its foreign debt.

Chapman explained that "in our efforts to reschedule our debt we requested help from international credit institutions, and they agreed to do so."

In this regard, they issued a letter to the international financial community, made up of commercial, investment, and financial banks, he added.

Panama's total foreign debt, including interests and its debt with commercial banks, which has not been paid in the past eight years, amounts to $7.5 billion.

Our debt with commercial banks has not been paid since 1987 in the wake of a crisis between Manuel Antonio Noriega and the U.S. administration that concluded with

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the U.S. soldiers invading Panama on 20 December 1989.

The planning minister maintained that the letter was sent to "everyone" in the international financial world advising that the IFI will grant financial support to Panama.

The IMF, World Bank, IDB, and the Overseas Development Fund of Japan issued this letter of support.

Official Panamanian sources assured that the support offered by the IFI and the international financial community is very important to the implementation of social and investment programs of the government of Ernesto Perez Balladares.

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Argentina

Justicialist Party Wins Elections in Formosa, Jujuy, Salta

PY0410021895 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1938 GMT 2 Oct 95

[FBIS Translated Excerpt] Buenos Aires, 2 Oct (NA) — Interior Minister Carlos Corach today confirmed the victory of the Justicialist Party [PJ] in the elections for governor and deputy governor in the provinces of Formosa, Jujuy, and Salta, and he stated that the results affirm a "fully majority" adhesion to the model that has been implemented by the government.

Corach also pointed out that President Carlos Menem "is very happy" with the role of the PJ in the elections that were held in the three provinces, and he stressed that the economic plan the head of state is implementing "will result in the elimination of the problem of unemployment and generate better living conditions for the Argentines."

In remarks from Government House to two Buenos Aires radio stations, Corach indicated that the voters of those provinces "left two messages at the ballot boxes: One of them asks the government to continue with its work, and the other reaffirms their confidence in the model." [passage omitted]

Brazil

Cardoso Vows Not To Change High Interest Rate Policy

PY0310212495 Sao Paulo AGENCIA ESTADO in Portuguese 2257 GMT 29 Sep 95

[Report by Claudia Carneiro]

[FBIS Translated Text] Brasilia, 29 Sep (AE) — President Fernando Henrique Cardoso today strongly defended the interest rate policy implemented by his administration and made it clear that he will not be pressured into changing it. Speaking to journalists at Planalto Palace, who asked him about the effects of high interest rates on the level of economic activities, Cardoso said: "There is no recession in Brazil." Regarding interest rates, he said: "It is pointless for people to start shouting at the door of Planalto Palace because I am not afraid of shouts; they will not make me change anything that way."

Cardoso blamed the failure of the Cruzado Plan, which was implemented by Jose Sarney's administration, on the fact that interest rates were not used as an instrument to control demand. He said: "The Cruzado Plan became unfeasible because interest rates were not used as an instrument." He added: "I had the courage to do just that."

Cardoso said the interest rate policy is directly focused on controlling demand, rather than on curbing inflation. To his rhetorical question: "Why are interest rates high?," he answered: "Because the administration cannot discontinue that policy."

Cardoso used the same strong tone to reject criticism that the Real Plan is leading the Brazilian economy into a recessive process. Commenting on a study on the GDP growth for 1995 conducted by the Applied Economic Research Institute [IPEA], which is linked to the Planning Ministry, Cardoso said: "Any country that grows by 5.7 percent annually, according to the IPEA estimates, cannot be in a recession."

Cardoso would like to close his term in office with a rate of investments equal to 25 percent of the GDP. In recent years, investments accounted for 13 percent of the GDP.

He described developments as an "economic restructuring process" which, in his opinion, has gone unnoticed by the press. He cited press releases last week about the elimination of 90,000 jobs in the Sao Paulo ABC industrial region, adding that the press failed to report that the same number of jobs were opened in service industries.

Cardoso thus criticized the press by repeating that it "does not understand the economic restructuring process." He conveyed his comments on the work of the press to representatives of the National Federation of Journalists (Fenaj) and to the Planalto Press Committee. He said: "It makes me mad to watch the press media trying to compete with the electronic media by spreading gossip, or by sending flash reports out of context."

The new members of the Fenaj board went to Planalto Palace to ask President Cardoso to get Congress to expedite the installation of the Mass Media Council [Conselho de Comunicacao Social]. Fenaj President Americo Antunes said the council, which is a legislative consultative body created under the Constitution, has been regulated since 1991, but it has not yet been installed.

The council has the power to monitor communications legislation. Cardoso stated that the process of regulating the opening of the telecommunications sector will be transparent. He said: "State bureaucracy cannot claim to be the exclusive representative of the people."

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Cardoso, Nippon Steel Chairman Discuss Privatization

PY0410001995 Sao Paulo AGENCIA ESTADO in Portuguese 2317 GMT 2 Oct 95

[Report by Edson Chaves Filho]

[FBIS Translated Text] Rio de Janeiro, 2 Oct (AE) — President Fernando Henrique Cardoso today asked Takashi Imai, chairman of Nippon Steel Corporation, the world's largest iron and steel company, to invest again in Brazil. Cardoso heard from Imai words of praise for the Brazilian privatization program, especially that of the Rio Doce Valley Company [CVRD]. The meeting, which was initially scheduled to last 10 minutes, lasted for more than half an hour, and forced a delay in the opening of the 29th annual conference of the International Iron and Steel Institute, which Cardoso opened this morning at the Intercontinental Hotel in the southern district of Rio de Janeiro.

Few people attended Cardoso's meeting with Imai. Attending the meeting were Jose Schettino, president of the CVRD; Eliezer Batista, former president of CVRD International; Marcello Alencar, governor of Rio de Janeiro; Raphael de Almeida Magalhaes, coordinator of the Committee for Federal Actions in Rio de Janeiro; and presidential advisers.

At the end of the meeting, Cardoso only described it as "excellent," and noted that the 100th anniversary of Japanese immigration is being commemorated in Brazil. Despite persistent questions by reporters, Cardoso did not reveal the topics he discussed with Imai. Presidential press adviser Ana Tavares confirmed that privatization was the prevailing topic at the meeting. A pad left at the head of a table had several notes written, including words such as "privatization," "CVRD," "Ishikawagima," and the "first Sepetiba iron and steel company," a project designed by Ronaldo Cesar Coelho, secretary of industry and commerce in Rio de Janeiro. The Sepetiba iron and steel company would be erected close to the port of Sepetiba.

As usual, Batista avoided the press. Schettino, however, time and again tried to deny that the privatization issue had been discussed, "let alone that of the CVRD." Informed by reporters that Tavares confirmed that Cardoso and Imai had discussed the subject, Schettino looked awkward. Still, he came up with an excuse. He said: "I attended a confidential meeting as a guest and I could not possibly go around talking about what was discussed in there."

It has been reported that Imai will give a news conference in Rio de Janeiro tomorrow afternoon. He had many words of praise for the administration's economic stabilization and privatization programs. It has been noted that Cardoso will visit Japan in March. At that time, the complete privatization project of the CVRD will be presented to the Japanese, including the privatization model and sale price. Consultants to be charged with this task will be chosen through a public tender to be implemented by the National Bank for Social and Economic Development (BNDES) in the next few days, Schettino said.

Nippon Steel has been a CVRD partner in several projects. It was Nippon that financed the construction of the port of Tubarao, in Vitoria (Espirito Santo), through which the CVRD exports most of its iron ore production. Nippon also financed part of the Carajas project and invested in two pelletization plants (which are designed to pelletize ore) with the CVRD.

Poll Indicates Drop in Cardoso's Popularity

PY0310112395 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 Oct 95 p A12

[FBIS Translated Text] A poll conducted country-wide by the Gallup Institute from 20 August to 10 September indicates that, one year after President Fernando Henrique Cardoso's election, 40.7 percent of Brazilians support him. This shows that the president's popularity is dropping. In March, three months after Cardoso's installation, 46.6 percent of the people supported the president, another Gallup poll indicated.

According to the most recent poll, the number of people who think the Cardoso administration is bad has also decreased (from 27.3 percent to 21.3 percent), while the number of people who do not have a definite opinion on the issue increased. In the opinion of 30.3 percent of other Brazilians, the president is governing the country neither well nor badly, and 7.9 percent do not have a well defined opinion on the issue.

Gallup Director General Carlos Matheus said the poll indicates that the people are facing a period of uncertainty about the future. "People are worried about the country's economy," he said. "Today, purchasing power is no longer as high as it was at the time of the elections," he added.

Matheus thinks that President Fernando Henrique Cardoso must worry more about economic recovery in order to make his popularity increase. "People want to feel the country's economy grow," he explained. "People yearn for more jobs and a better income distribution." Matheus pointed out that the drop in the president's popularity coincided with a drop in rejection of him. The Gallup director attributes this to the control the government currently has over the inflation rate.

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The drop in Cardoso's popularity has been greater among the wealthiest people and the members of the middle class. Gallup figures indicate that from March to September, support for the government has dropped 9.1 percent among the members of class A, 6.7 percent of class B, and 8.4 percent of class C. Among the poorest, support for the president dropped only 1.8 percent. Nevertheless, there is more support for the government among the wealthiest people than among the poorest.

After nine months in office, the popularity of President Cardoso increased only in the northeastern region, where he had less support at the beginning of his mandate. According to Gallup, 42.5 percent of the people of the northeast currently support the government. In March, the figure was only 41.2 percent. In the other regions, support for the government decreased. Currently, it is lower in the southern region (37.2 percent), and has decreased significantly in the northern and central-western regions (from 56.9 percent to 40.9 percent).

Cardoso Says Popularity Drop Within 'Margin of Error'

PY0310210995 Sao Paulo AGENCIA ESTADO in Portuguese 2337 GMT 2 Oct 95

[FBIS Translated Text] Curitiba, 2 Oct (AE) — President Fernando Henrique Cardoso today commented on a report published by O ESTADO DE SAO PAULO on 1 October which cites a Gallup Institute opinion poll that says his popularity has dropped. He noted that the percentage drop falls within the "margin of error." He added: "The real has been stable, and the president's popularity has remained high." Cardoso believes the Real Plan has "the unshakeable support" of the people. He said: "We launched the Real Plan 14 months ago. At that time the approval rate stood at 72 percent; it now stands at 68 percent." He added: "Statistically speaking, we still are at the same rate given the margin of error."

Cardoso used additional data to justify the success of the Real Plan, citing the higher consumption of dairy and beef products. "This is the foundation of the real: The people now realize that stabilization is good, that it is positive." He added that, despite adverse interpretations, the opinion polls show "the extraordinary" economic results obtained from the policies of his administration. He added: "Never before has any plan enjoyed so much support 14 months after it was launched."

Cardoso said there is a simple reason for the success of the stabilization plan. He said: "Inflation is way down." He claims that everything else is just speculation. He again criticized the "doomsayers" in Brazil. Cardoso said he is very happy about the outcome of the opinion poll. He added: "It is pointless to waste time trying to interpret opinion polls."

Positions Country To Defend at WTO Meeting Viewed

PY0310112495 Sao Paulo FOLHA DE SAO PAULO in Portuguese 30 Sep 95 Section 2 p 3

[Article by Liliana Lavoratti and Vivaldo de Sousa]

[FBIS Translated Text] The Brazilian Government will explain to its WTO trade partners next week its decision to adopt quotas for automobile imports and to increase the import tax on vehicles to 70 percent.

The most difficult part of the Brazilian defense is related to a measure that will probably go into force only beginning in January 1996. It refers to the connection of imports to the performance of Brazilian exports, as established in a provisional measure issued by the government.

The decision to condition imports to the volume of exports is, in the eyes of the WTO, more condemnable than to adopt import quotas.

This part of the provisional measure still hasn't been regulated by the government, which has been studying several proposals to link the export volumes to the import ones.

One of the proposals consists of allowing $1 to be imported for each $1 that is exported. This proposal is supported by the vehicle assembly plants. The other one, which was proposed by workers and car parts manufacturers, consists of importing $1 for each $2 exported.

The Brazilian Government mission leaves for Geneva (Switzerland), headquarters of the WTO, on 9 October. Jose Mendonca de Barros, economic policy secretary of the Finance Ministry, will head the mission.

The Brazilian defense will be presented to the Payment Balance Committee during meetings on 12 and 13 October. This committee is the one that supervises international trade. The main Brazilian argument is that these measures have been necessary to prevent a crisis in the Brazilian trade balance.

The Brazilian Government will also state that the foreign reserves were volatile, i.e., they could leave the country at the slightest sign of difficulty.

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Rio de Janeiro Public Debt Difficulties Noted

PY0310142795 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 17 Sep 95 p A12

[Article by Gilse Guedes]

[FBIS Translated Text] Marco Aurelio Alencar, Rio de Janeiro planning secretary, believes that the state governments are running the risk of "literally going bankrupt," as a result of a debt accumulated with the issuance of certificates. Of Rio de Janeiro's 6-billion real [R] debt, R4.2 billion are related to the domestic public debt. In the last eight months, this debt increased by R1.2 billion. "The problem is that this debt varies in accordance with the overnight [preceding word in English] taxes and grows at a frightening rate," Marco Aurelio Alencar explained. According to him, the situation harms the government plans to reorganize the state government banks, because institutions such as the Rio de Janeiro State Bank and the Sao Paulo State Bank manage the states' debts.

The remaining 1.8 billion of the debt is the result of loans and financing. In the secretary's opinion, this is not a problem because the debt has been re-scheduled for 20 years in accordance with Law 8,727. Alarmed with the situation, the states of Rio de Janeiro, Sao Paulo, Rio Grande do Sul, and Minas Gerais will meet again next week to discuss the issue. The finance and planning secretaries want to draft a common plan in order to present to the federal government a definitive solution to the "snow ball" which the domestic public debt has become.

Marco Aurelio Alencar, who is Governor Alencar's son, has been developing with his father the idea of extending the term for the payment of the debt. They believe this would be the best solution. The planning secretary thinks the Central Bank should re-finance the debt in 40 years and create a long-term debenture to this extent. According to him, the Central Bank has been financing the state government debts through certificates and has spent with the states of Rio de Janeiro, Sao Paulo, Rio Grande do Sul, and Minas Gerais an average R30 billion per month.

The secretary believes that "states may collapse" if the federal government hands the problem to the state administrations. "If we have to pay for the domestic public debt, we will be forced to allocate 40 percent of Rio de Janeiro's monthly revenue, which ranges from R380 million to $480 million, to this objective," he pointed out. According to him, it is impossible to govern the state with this prospect.

To cover the cost of rolling over its debt in certificates, Rio de Janeiro has spent R150 million in the last eight months. To roll over the debt accumulated in loans and financing, the state government allocates 4 percent of its revenue. In addition, Rio de Janeiro has to worry about the allocation of 81 percent of its revenue with its employees' payroll.

Government To Tighten Controls on Textile Imports

PY0410011495 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 3 Oct 95

[FBIS Translated Text] The administration is going to set up new import procedures to avoid unfair competition and tax evasion.

The new method is going to be implemented by customs officials as soon as the product enters the country. Initially, the method is going to affect imports of textiles, in which experts have found many irregularities, such as silk shirts costing less than $1 each.

Dorothea Werneck, Minister of Industry and Commerce, explains how the new system is going to work:

[Begin recording] As soon as imported merchandise enters the country, the Federal Revenue Secretariat — SRF — official will check it and, if necessary, he will direct the importing company to immediately pay the import duties in court. The SRF will immediately open a tax evasion process and will notify the Central Bank to check whether the respective exchange operations were legally made. [end recording]

The Industry and Commerce Ministry is currently reviewing import licenses to identify undervalued products such as cars, shoes, electric and electronic equipment, and other commodities.

Text of Proposed Tax Reform Bill

95SM0508A Sao Paulo GAZETA MERCANTIL in Portuguese 24 Aug 95 p 10

[FBIS Translated Text] Here is the full text of the Statement of Justification that accompanies the proposed tax reform bill.

Interministerial Statement of Justification No. 95, Brasilia, August 1995.

To His Excellency the President of the Republic:

We are honored to submit for Your Excellency's consideration the attached proposal for a constitutional amendment affecting Chapter I, "The National Tax System" of Title VI, "Taxation and the Budget" of the Federal Constitution.

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The purpose of this proposed amendment to the Constitution is to improve the quality of the Brazilian taxation system by achieving four fundamental objectives: (a) simplifying the system and increasing its economic viability for both the internal revenue authorities and the taxpayer; (b) facilitating the battle against tax evasion and the injustices it creates; (c) diminishing the Brazil-Cost and increasing the competitiveness of our economy; (d) permitting a fairer social distribution of the tax burden.

This proposal preserves the essence of some of the basic principles of the 1988 Constitution, especially those that assure the constitutional rights and guarantees of the taxpayers, the limitations on the power to tax, the autonomy of the states and municipalities, and the decentralization of taxes.

The amendment represents the beginning of a process of change, since it permits the correction of distortions and the simplification of administrative rules and procedures, and encourages the revision of infraconstitutional regulations, an effort on which little progress has been made since 1988. It must be followed by the drafting of complementary and ordinary laws, as well as the further improvement of the financial administrations.

An example of a truly simplifying change is the abolition of the Industrial Products Tax (IPI) and its bureaucratic paraphernalia, now duplicated with regard to the state tax. Another example is the uniformization of the legal and regulatory aspects of the Goods and Services Movement Tax (ICMS).

The proposal also makes possible a return to annual filing of income tax by companies, who are now required to file monthly because of court suits that questioned the requirement of advance payments on the tax by the largest corporations and banks.

Concomitantly, it should be kept in mind that the response to the just demand by the taxpayers for lowering of tax-related bureaucratic barriers requires, above all, ending inflation and reducing the multiplicity of fiscal reference indexes (which the government has already been doing). Furthermore, it is important to perfect the chapter of the Constitution on the tax system (as now proposed) and update the national tax code and its correlative, mainly administrative, legislation. When this process has been completed, it will be crucial to ensure that the rules remain stable for a long period of time.

The proposed reform is not intended to increase the tax burden on the economy, but to improve its distribution by economic sector and taxpayer category. In 1994, the gross Brazilian tax burden reached an impressive level: about 28 percent of Gross Domestic Product, a proportion that continued to grow in 1995. It is the federal government's intention to continue collecting the same volume of tax revenue from an aggregate standpoint, but to drastically curb evasion and nonpayment of taxes and to better distribute the tax burden.

What is really being proposed is the attenuation of imperfections—such as the taxation of exports, investments, and foods that comprise the "basic market basket." The bill also seeks to correct defects that provide opportunities to escape taxes by laying the groundwork for the time when, without prejudice to revenue collection, it will be possible to lighten the burden on the majority of the taxpayers, who are already properly fulfilling their obligations. These days, tax evasion is a factor that contributes to disorganized production, marketing, and supply, besides fostering fiscal injustice. The proposed amendment closes one of the biggest loopholes affecting collection of the ICMS tax—the difference between intrastate and interstate rates—and erects barriers to predatory competition between taxpayers and tax dodgers. At the same time, it makes it possible for the federal tax authorities to requisition banking data, with due regard for conditions stipulated in the law, in order to make tax auditing and the identification of informal and illegal business activities more effective—as it is, incidentally, in the more developed nations.

Maintenance of the division of resources between the three levels of government of the federation is a political premise of the proposal. Therefore, the basic rules and percentage shares stipulated in the chapter on taxes in the Constitution have been retained. The changes in rules were made merely to adopt them to the modifications introduced in the other sections, and to refine some of their aspects.

Any changes in that division brought about by the proposal are, in the aggregate, modest. In cases of more important losses, provision has been made for their temporary compensation, or for gradual implementation of measures over time so as to avoid creating difficulties for the public finances of the units of the federation. It is vital to keep in mind that, over the medium and long term, all levels of government—especially the states—will gain revenue through the effective combatting of tax evasion and the economic development promoted by the increase in productive investments and in exports—without, however, leaning even more heavily on taxpayers who are already paying their taxes conscientiously.

In addition to the compensatory measures mentioned above, the amendment transfers to the states the Rural Land Tax (ITR) now levied by the federal government.

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The federal government has never fully exploited this tax, either as a source of revenue or as a tool of economic and social policy. It is recognized that the states, being better able to oversee their territories, can administer this tax more effectively by using data on their respective economies and the fiscal data from the ICMS (on agricultural production). This means they will be able to fully implement the basic precept of the ITR—the taxation of unproductive lands more proportionately. The principle that the proceeds of this tax be shared with the municipalities was retained, but precise determination of the proportion has been left to the state constitutions, except that a minimum share of 25 percent is assured.

This proposed amendment opens the way for the Brazilian productive system to become more competitive and generate more jobs, by reducing the impact of indirect taxes on exports and on capital goods.

The set of proposed changes can be classified in three groups. The first contains modifications made to achieve fiscal justice, to combat tax evasion, to adapt the system to the liberalization of relations with the rest of the world, to harmonize taxation on the internal market, and to make tax policy more flexible. The second group of changes seeks to simplify the constitutional text by deleting provisions more appropriate to complementary law. The third group institutes modifications aimed at adapting the texts to the changes introduced, including those relating to the remodeling of the ICMS.

The biggest modification is the abolition of the IPI and its replacement with a federal tax levied on the same base as the state ICMS. This means we will have a single tax, shared by the federal government, the states, and the Federal District. It will be applied similarly to the present state tax, but its legal rules will be simpler, and more uniform throughout Brazil.

There will be no "federalization" of the ICMS. The federal government will not assume sole authority over the tax, and the federal executive will not have the power to set state rates or to receive the tax payments that are due the states. According to the proposal, each level of government will levy and collect its portion of the tax directly. Care was taken in the suggested constitutional text to clarify, very well, the boundaries within which each of the governments will act. The states and the federal government will, at their own expense, administer, collect, and audit their respective portions of the single tax.

Two rates, one federal and the other state, will be assessed on the same taxable base. Both will be levied against internal and interstate transactions and on imports. Assurance is provided that an imported product or service will be subject to a tax identical to that levied on similar Brazilian products or services. All exports (not just the industrial products, as is the case now) will be completely free of taxes since not only will no tax be levied on them, but the maintenance and, if necessary, the recovery of credits referring to previously taxed goods distribution and services-rendering transactions is assured.

The tax rates will be uniform, nationwide, for each good or service but may differ for different goods or services. It will be mandatory that the ICMS be selective, depending on how essential the goods are. This means a more sympathetic taxation of the products in the "basic market basket." The tax will always be collected in full upon the "departure" of the merchandise, thereby eliminating the opportunity for evasion now afforded by the difference between the internal and interstate ICMS tax rates. So, for a given product, the sum of the federal and state tax rates will always be the same throughout Brazil, and it will make no difference whether the goods are "departing" for the state where the taxpayer that produces the good is located, or to another state.

The decision as to which state is entitled to the proceeds of the ICMS assessed against interstate transactions, and in what proportion, is left to the federal Senate, and the principle in the 1988 Constitution is retained. The proposal opens up two operational possibilities for dividing that revenue. Under the first, the federal government tax rate is used to assign, automatically, the interstate tax collected by the states to the state where the consignee of the goods is located. Under the second alternative, the federal Senate would adopt procedures for transferring funds from one state to another—through a clearing house, for example.

The proposed amendment places with complementary law the responsibility for finding solutions to problems that are too specific to be resolved in the constitutional text. For example, there is no reason why, following the eventual constitutional reform, complementary law could not preserve the exoneration of capital goods, and there is no obstacle to its ratification of special treatment for agricultural inputs to prevent farm products from being taxed more heavily than products of other sectors, owing to characteristics inherent in a value-added tax.

The proposal also stipulates that the new tax would take effect in fiscal year 1998, thus allowing sufficient time for the pertinent legislation to be carefully drafted. Continued collection of the IPI and ICMS is assured through the end of 1997. However, some changes are made in the constitutional text now in effect to immediately correct certain notorious tax-related flaws.

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Among the changes that would be effective immediately, with respect to the IPI and the ICMS, is the specific determination that the taxpayer be given credit for tax collected earlier, even when the product is earmarked for fixed assets. This assures full exoneration of capital goods, even in cases where no exemption is provided for their departure from the establishment that produced them. Still more important is the total exoneration of exports. Note that our chief competitors in other markets do not export taxes. The proposal alters current ICMS provisions, mainly to avoid creating loopholes for evasion, or judicial difficulties with respect to interstate fuels transactions, imports, and taxpayer substitution.

Not only will the states and municipalities gain from a lasting stabilization of the economy by virtue of the strengthening of the ICMS—thanks to diminished evasion and increased economic activity brought about by the tax relief on investments and exports—and from the transfer of the ITR, but they are provided with an alternative, not to mention other formulas that may emerge from the debate in Congress, to be compensated temporarily for the effects of the exoneration of exports until such results materialize.

Brazil, the first country to impose two value-added taxes and the only one to collect them concurrently at the federal and state levels, will now be able to refine this approach and, at the same time, strengthen fiscal federalism. The proposal breaks new ground in that it makes viable an idea long discussed but never efficiently put into operation (not even in the European Common Market) i.e., imposing a tax on consumption but levying it in the state of origin and automatically attributing all or part of the proceeds to the state of destination. At the same time, the problems of the economic effects of taxation, of tax evasion, and of redistribution of revenues among the states are solved.

Two changes are proposed as regards municipal taxing authority. the first improves the wording of the provision on the Urban Real Estate and Property Tax (IPTU) to prevent doubts and lawsuits regarding its progressive application. The second assigns to complementary law the task of setting maximum and minimum rates for the Services Tax (ISS), in order to prevent conflicts between jurisdictions and boost national revenues from that tax.

Although not introduced in this proposal, it is important to emphasize that the federal government considers it justifiable, because of its economic aspects, to integrate the ISS with the ICMS. Including all services in the ICMS would avoid two cumulative assessments: The one levied on the tax base of the ISS, and the one that still remains because of the incidence of taxes on the flow of goods and services owing to the interaction between the ISS, ICMS, and IPI. Such integration is also defensible from the distributive standpoint, since it would treat the taxation of end-use services similarly to taxation on goods, particularly because such services tend to be consumed in greater proportion by higher-income families. However, it becomes extremely complex to tax services by a value-added tax. This presents difficulties even in European countries that have vast experience in the subject. Furthermore, fusion of these taxes would mean eliminating all the revenue now obtained by the municipalities from intermediate-use services, at a time when no proportional and durable form of financial compensation for those governments is in sight. So, because its immediate application is not feasible, this step has not been contemplated in this proposal, although this administration advocates its future implementation.

In terms of revenue-sharing, the percentages and basic rules that govern the state and Federal District Participation Fund (FPE) and the similar municipal fund (FPM) have been preserved. Swapping one of the sources connected to those funds—the IPI—for the federal portion of the ICMS will not affect the volume of resources entering those funds, since the new revenue will probably be similar to current revenue.

Also preserved, in the aggregate, is the sharing of the ICMS among states and municipalities. It is proposed, however, that the criterion for apportioning the tax among the municipalities be defined in complementary law, to ensure that it is uniform nationwide and to readjust it to the conversion of the ICMS into a tax on consumption. But there is no immediate effect at all on the inter-municipal distribution of the ICMS, inasmuch as the current sharing criteria are maintained until complementary law provides otherwise.

Also maintained is the allocation of resources for use in financing programs for the north, northeast, and west central regions (Article 160, subsection III), but with one modification: Use of these funds to finance infrastructure projects that are not only an indispensable complement of investment in production, but help reduce the competitive disadvantages of those regions, will then be permitted.

The proposed amendment presented here also liberalizes both the institution of compulsory loans (not now feasible in practice, according to the current constitutional text) and the recourse to residual authority. Likewise, in view of the inexorable trend toward privatization of public services and the opening up of the Brazilian economy to the rest of the world, provision is made for private enterprise to charge tolls on the traffic of people or goods, thereby promoting the concessions of services

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to private enterprise. Further assured is the extension to state and municipal taxes of exemptions available under international treaties signed by Brazil. Also included is a specific article on the adoption of "antidumping" measures and other actions to neutralize practices by other countries that are damaging to our national economy. This is to forestall any doubts or lawsuits that would block the application of measures to imports that have already been consummated, inasmuch as retroactivity is an essential feature of such instruments.

The proposal constructs a solution that has been adapted to reality, adjusted to the peculiarities of our fiscal federalism, and, at the same time, combats tax evasion, enhances fiscal justice, and takes care to promote those changes that are indispensable to a progressive adaptation of our tax system to the mandates of the globalization of markets and the entry of Brazil onto the international scene on a competitive basis.

Respectfully submitted: Nelson Jobim, Minister of Justice; Pedro Sampaio Malan, Minister of Finance; and Jose Serra, Minister of Planning.

Proposed Constitutional Amendment

Here is the full text of the tax reform proposal which the administration sent to Congress yesterday:

Article 1.

Article 148, subsection V, and paragraphs 1 and 6 of Article 150; subsection III of Article 151; subsection I and Paragraphs 1 and 5, (the latter renumbered as paragraph 3) of Article 153; subsection I of Article 154, all of the Federal Constitution, shall henceforth read as follows. A second paragraph is added to Article 145 and a subsection III to Paragraph 2 of Article 153. Deleted are the Sole Paragraph of Article 148; as well as subsections IV and VI and paragraphs 3 and 4, all of Article 153. The remaining parts are renumbered.

"Article 145. ... Paragraph 2. The federal taxation authority is empowered, pursuant to law, to requisition information on financial transactions by taxpayers. Paragraph 3. (same as the present Paragraph 2). Article 148. The Union may institute compulsory [taxpayer] loans for the following purposes: I - (same as the present subsection I); II - because of a cyclical situation that requires temporary absorption of purchasing power; III - To finance public investments of significant national interest. Article 150. I - .... II - .... III - .... IV - .... V - Establishing restrictions on the movement of persons or goods by means of interstate or intercity taxes, except that tolls may be charged; VI - .... Paragraph 1. The prohibition of subpart III(b) shall not apply to the compulsory loans, and applies to the taxes for which provision is made in Article 153(I), (II) and (IV), Article 154 (II) and Article 153 only as assessed by the Union. Paragraph 2. .... Paragraph 3. .... Paragraph 4. .... Paragraph 5. .... Paragraph 6. Any subsidy or exemption, reduction in basis of calculation, grant of a presumed credit, or amnesty or remission pertaining to taxes, fees, or assessments may be granted only by a specific federal, state, or municipal law enacted at the initiative of the executive branch that regulates solely the subjects enumerated above or regulates the corresponding tax or assessment. Paragraph 7. .... Article 151. I - .... II - .... III -Institute exemptions from taxes over which the states, the Federal District, or the municipalities have jurisdiction, except as provided in an international treaty, convention, or act to which Brazil is a signatory. Article 153. I - Importation of foreign products or services; II - .... III -.... IV - (same as the present subsection V). V - (same as the present subsection VII). Paragraph 1. With due regard for the conditions and limits established by the laws, the executive branch is authorized to change the rates of the taxes enumerated in subsections I, II, and IV. Paragraph 2. ... I - .... II -.... III - May be demanded in advance within the filing period as established by law, without prejudice to the compensation or refund, at the close of that same period, of any sum paid in excess of the amount actually due. Paragraph 3. Gold when defined in law as a financial asset or instrument of exchange, is to be subject only to the tax referred to in subsection IV; the tax shall be due on the transaction at the point of origin. Article 154. ...I - Taxes not provided for in Articles 153 and 155, as long as they do not fall within the jurisdiction of the states, Federal District, and municipalities."

Article 2.

Section IV is hereby added to Chapter I of Title VI of the Federal Constitution, and consists of Article 155. The subsequent sections and articles are to be renumbered:

"Section IV - Taxes Levied by the Union, the States, and the Federal District. Article 155. Transactions relating to the circulation of goods and the rendering of communications and interstate and intercity transportation services, even if the transactions and renderings of services were initiated outside Brazil, shall be subject to a tax that is instituted and regulated by complementary federal law, with due regard for the following: I - The tax shall be administered, collected, and audited within their respective jurisdictions by the Union, the states and the Federal District, which shall enter into formal agreement, pursuant to law, to ensure uniformity of administrative procedures and interpretations; II - The tax shall be non-cumulative and the amount owed shall be

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offset on each transaction or service as follows: (a) in the determination of the tax owed to the states and the Federal District, by the amount collected, on previous transactions by the same state or Federal District if internal, and by other states or by the Federal District, if interstate; (b) in the determination of the tax owed to the Union, by the amount collected by the Union on the previous transactions and services, whether internal or interstate; III - In the compensation to which the preceding subsection refers, if the credits exceed the debits, the law mentioned in the main provision of this article shall order reimbursement, in cash, under terms and conditions to be stipulated therein; IV - The tax shall be selective, depending upon the degree to which the product or services are deemed essential; V - Transactions by which goods are imported from abroad, services initiated outside Brazil, and interstate transactions between taxpayers and non-taxpayers shall be considered as internal transactions; VI - The tax shall not be levied on transactions that ship goods outside Brazil, or on services rendered to a consignee outside Brazil; VII - The tax rates assessed by the states and the Federal District, and those assessed by the Union, shall be applied on the same basis of calculation; VIII - The tax rates assessed by the Union, uniform per good or service throughout Brazil without distinction between internal and interstate transactions, shall be fixed in law. Recourse to publication of a provisional measure is prohibited, but the option of Article 153, Paragraph 1, is permitted; IX -The tax rates assessed by the states and the Federal District, uniform per good or service throughout Brazil without distinction between internal and interstate transactions, shall be fixed by the federal Senate on the basis of a proposal by the president of the Republic or by initiative of one-third of the senators and passed by three-fourths of its members, observing the following with respect to interstate transactions between taxpayers: (a) the decision may gradually reduce the state and Federal District tax rate, in which event the tax rate assessed by the Union shall be increased, automatically, by the same number of percentage points; or (b) the decision may establish procedures that gradually allocate the proceeds from the collection of the state or Federal District tax rate, fully or partially, to the state or the Federal District where the consignee of the goods is located; X - in interstate transactions of electrical energy and petroleum, including lubricants, liquid and gaseous fuels derived therefrom, the state and Federal District rate shall be abolished and added to the rate assessed by the Union; XI - the exemption or non-assessment shall be uniform throughout Brazil and, except as otherwise stipulated in legislation: (a) shall not result in a credit for offsetting against the sum owed in subsequent transactions or renderings of services; (b) shall not prevent the use, including use with reimbursement, of the credits for taxes paid on the previous transactions; XII - The concession, directly or indirectly, to certain taxpayers or to a specific category of taxpayers of any type of reimbursement or financing that would fully or partially annul the financial or economic burden of the tax is hereby prohibited; XIII - Complementary law shall determine the site of the transactions and services."

Article 3.

Subsection II and Paragraph 1, which now becomes the Sole Paragraph, both of Article 155; subsection III and Paragraphs 1 and 3, the latter now renumbered as Paragraph 2, all of Article 156; Article 157; subsections II and IV of Article 158; Article 159; and Article 161; all of the Federal Constitution, numbered as a result of the addition effected by Article 2 of this amendment, shall now read and be numbered, as follows.

Furthermore, Paragraphs 2 and 3 of Article 155, Paragraph 2 of Article 156, the sole paragraph of Article 168, subsection II and Paragraphs 2 and 3 of Article 159, and Article 162 are hereby deleted.

"Section V - Taxes Levied by the States and the Federal District. Article 156 (main provision same as that of the present Article 155). I - (same as the present subsection I of Article 155); II - rural land ownership; III - (same as the present subsection III of Article 155). Sole Paragraph. The maximum rates of the tax for which provision is made in subsection I shall be set by the federal Senate."

"Section VI - Taxes Levied by the Municipalities. Article 157 (main provision same as that of the present Article 156). I - (same as the present subsection I of Article 156); II - (same as the present subsection II of Article 156); III - Services of any kind, not covered by Article 155, specified in complementary law. Paragraph 1. The tax for which provision is made in subsection I of this article may be progressive, pursuant to municipal law. Paragraph 2. (same as the main part of the present Paragraph 3 of Article 156). I - set the maximum and minimum rates thereof; II - (same as the present subsection II of Paragraph 3 of Article 156)."

"Section VII - Revenue-Sharing. Article 158. The proceeds from the collection of the Union's tax on income and earnings of any kind, assessed at the source on earnings paid for any reason by the states and the Federal District, their semi-autonomous government agencies, and by the foundations which they institute and maintain belong to the states and the Federal District. Article 159. (main provision same as that of the present Article 158). I - (same as subsection I of the present

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Article 158); II - the portion, defined in the state Constitutions but not less than 25 percent, of the proceeds of the tax collected by the state on rural land ownership, relative to properties situated therein; III - (same as subsection III of the present Article 158); IV - Twenty-five percent of the proceeds from the collection, resulting from the application of the state tax rates, of the tax on transactions relating to the circulation of goods and the rendering of communications and interstate and intercity transportation services, according to the apportionment criteria defined in complementary law. Article 160. The Union shall deliver, from the proceeds from the collection of tax on income and earnings of any kind and from the proceeds from its collection of the tax on transactions relating to the circulation of goods and the rendering of communications and interstate and intercity transportation services, 47 percent, in the following manner: I - (same as the present subpart I(a) of Article 159); II - (same as the present subsection I of Article 159); III - Three percent, for financing of investments in the north, northeast, and west central regions through their regional financial institutions, in a manner to be established by law. Sole Paragraph. For purposes of calculating the amount to be delivered according to the provisions of this article, the portion of the revenue from the tax on income and earnings of any kind, assessed at the source on income paid for any reason by the Union, the states, the Federal District or the municipalities, as well as their semi-autonomous government agencies and by the foundations that they establish and maintain, shall be excluded. Article 161. (same as the present Article 160). Article 162. (main provision same as that of the present Article 161). I - Establish rules for the delivery of the funds that are the subject of Article 160, especially on the criteria for apportioning the funds provided for therein, with a view to promoting socioeconomic equilibrium among states and among municipalities; II - Make provision for a means by which the beneficiaries can monitor the calculation of the quotas and the release of the shares for which provision is made in Articles 159 and 160. Sole Paragraph. The Tribunal of Accounts of the Union shall calculate the quotas referring to the participation funds mentioned in subsection I of this article."

Article 4.

A new article is hereby added to Chapter I of Title VII of the Federal Constitution, to appear after Article 180, worded as follows. The remaining articles are to be renumbered. "Article 181. Law may define the foreign trade practices that are damaging to the national economy and in order to deter them may authorize the levying of duties and the imposition of restrictions and penalties intended to neutralize said practices, even on imports that have already been cleared through customs."

Article 5.

Until promulgation of the complementary law mentioned in Article 146(I) of the Federal Constitution, the authority to levy the tax on transmission, due to death or donation, of any property or rights as provided for in Article 156(I), as modified by this amendment, lies with the following: I - Relative to real estate and the rights thereto, with the state or the Federal District where the property is located; II - Relative to goods and chattel, negotiable instruments, and credits, with the state or Federal District where the will was probated or the asset recorded or where the donor is domiciled; III - Authority to institute the tax shall be regulated by federal law in the following cases: (a) if the donor was domiciled or a resident outside Brazil; (b) if the deceased possessed property outside Brazil, or was a resident or domiciled there, or his will was probated there;

Article 6.

Until promulgation of the complementary law mentioned in Article 146 of the Federal Constitution, the rates of the tax on rural land ownership provided for in Article 156(II), as modified by this amendment, shall be set in such a way as to discourage the maintenance of unproductive properties. Moreover, the tax shall not be levied on small rural holdings, as defined in state law, when exploited by the owner alone or with his family, when said person owns no other real estate.

Paragraph 1. Beginning with fiscal year 1996, the states and the Federal District shall be responsible for the administration, collection, and auditing of the tax that is the subject of this article. Until such time as the respective state constitution provides on this subject, 25 percent of the proceeds collected from real estate situated in that state shall belong to the municipalities.

Paragraph 2. Until promulgation of the state law, pertinent federal legislation shall apply to the tax referred to in this article.

Article 7.

Until promulgation of the complementary law mentioned in Article 146 of the Federal Constitution, with respect to the tax on "inter vivos" transfer provided for in Article 157(II) as modified by this amendment, the following is to be observed:

I. The tax shall not be assessed against the transmission of assets or rights that were incorporated into the patrimony of a legal entity during the process of capitalization, nor on the transfer of assets or rights resulting

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from consolidation, merger, spinoff, or extinction of a legal entity unless, in such cases, the preponderant activity in which the purchaser engages is the purchase and sale of such assets or rights, the leasing of real estate, or commercial leasing;

II. The tax is to be levied by the municipality where the property is situated.

Article 8.

Until promulgation of the complementary law mentioned in Article 159(IV) of the Federal Constitution, as modified by this amendment, the portions of revenue belonging to the municipalities shall be credited in accordance with the following criteria:

I. At least three-fourths, in proportion to the value added in the transactions relating to circulation of goods and the rendering of services that occur within their territories;

II. Up to one-fourth, in accordance with what state law may provide, or, in the case of the territories, federal law.

Sole Paragraph. Until the entry into force of the provision of Article 155 of the Federal Constitution, as modified by this amendment, 25 percent of the proceeds from the collection of the state tax on transactions relating to the circulation of goods and the rendering of communications and interstate and intercity transportation services, referred to in Article 10 of this amendment, and credited according to the criteria set forth in the main provision of this article, belongs to the municipalities.

Article 9.

Until such time as the complementary law mentioned in Article 162(II) of the Federal Constitution, as modified by this amendment, makes provision in this respect the Union, the states, the Federal District and the municipalities shall announce, not later than the last day of the month following collection, the amounts of each of the taxes collected, the funds received, the sums of tax origin that were delivered and those still to be delivered, and the numerical expression of the apportionment criteria that were applied.

Sole Paragraph. The data published by the Union shall be broken down by state, and data published by the states by municipality.

Article 10.

The federal tax on manufactured products, provided for in Article 153(IV) of the Federal Constitution, as drafted in 1988, shall continue to be levied until 31 December 1997, the following being observed:

I. It shall be selective, depending upon the degree to which the product is deemed essential;

II. It shall be noncumulative: the amount owed on each transaction shall be offset by the amount collected on the previous transactions, even when the tax credit refers to an item intended for incorporation into fixed assets;

III. It shall not be levied on manufactured products intended for other countries, and the maintenance and reimbursement of credits of the same tax pertaining to previous transactions is assured;

IV. It is not subject to the prohibition of Article 150(III)(b), and the option that is the subject of Article 153, Paragraph 1, both of the Federal Constitution as modified by this amendment, shall be allowed;

V. The Union shall deliver 47 percent of the proceeds from the collection of the tax that is the subject of this article, in the manner provided in Article 160 of the Federal Constitution, as modified by this amendment.

Article 11.

The states and Federal District shall continue until 31 December 1997 to collect the tax on transactions relating to the circulation of goods and the rendering of interstate and intercity transportation services and communications services provided for in Article 155(II) and its Paragraphs 2 and 3 of the Federal Constitution, as drafted in 1988 and in 1993, even if the transactions and renderings of services begin outside Brazil, the following being observed:

I. The tax shall be noncumulative: the amount owed on each transaction as regards the circulation of goods or the rendering of services shall be offset by the amount collected on the previous transactions by the same state, or by another state or the Federal District, even when the tax credit refers to an item intended for incorporation into fixed assets;

II. Except as otherwise determined by the legislation, the exemption or nonassessment: (a) shall not result in a credit for offsetting against the sum owed in subsequent transactions or renderings of services; (b) shall not prevent the use of the credits for taxes collected on previous transactions or renderings of services;

III. The tax may be selective, depending upon the degree to which the product or services are deemed essential, unequal treatment of internal transactions and renderings of services and those initiated outside Brazil being prohibited;

IV. A decision by the federal Senate, issued on the basis of a proposal by the president of the Republic or by initiative of one-third of the senators and passed by

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absolute majority of its members, shall establish the tax rates applicable to interstate transactions and renderings of services;

V. The federal Senate may: (a) establish minimum tax rates on internal transactions, by decision made at the initiative of one-third of its members and approved by the absolute majority thereof; (b) set maximum tax rates on the same transactions, as well as payment deadlines, in order to resolve a specific conflict that involves the interest of states, by decision made at the initiative of the absolute majority and approved by two-thirds of its members;

VI. Except when otherwise decided by the states and the Federal District pursuant to the provision in subpart XII"f," the internal rates on the transactions relative to circulation of goods and rendering of services may not be lower than those provided for interstate transactions;

VII. The following shall be adopted as regards transactions and renderings of services that make goods and services available to a final consumer located in another state: (a) the interstate tax rates, when the recipient is a taxpayer under the particular tax; (b) the internal rate, when the recipient is not a taxpayer under such tax;

VIII. In the instance of subpart "a" of the preceding subsection, the state where the recipient is located has authority to levy the tax corresponding to the difference between the internal and the interstate rates;

IX. The tax shall also be assessed: (a) at the time of customs clearance on the entry of goods imported from outside Brazil, even when the item involved was purchased by a natural person or intended for consumption by or incorporation into the fixed assets of the recipient establishment, or for the use of the importer, as well as on a service rendered outside Brazil, and is levied by the state of physical destination of the product or service; (b) on the total value of the transaction, when goods are furnished along with services that are not specified in the complementary law that defines the services that fall within the taxing authority of the municipalities;

X. The tax shall not be assessed: (a) on transactions and services that ship goods and services to destinations outside Brazil, the maintenance and reimbursement of credits of the same tax pertaining to previous transactions being assured; (b) on transactions whose purpose is the manufacture and commercial sale in other states of petroleum, including lubricants and liquid or gaseous fuels derived therefrom, or electrical energy; (c) on gold, when defined in law as a financial asset or instrument of exchange; (d) on departures of inputs, machinery, implements, and tractors for agricultural use, as defined in federal law, the maintenance and reimbursement of credits of the same tax pertaining to previous transactions being assured;

XI. The tax shall not include in its basis of calculation the amount of the tax on manufactured products when the transaction, consummated between taxpayers and relating to a product intended for manufacture or commercial sale, constitutes a liability-generating event under both taxes;

XII. The following are to be accomplished by federal law, recourse to provisional measures being prohibited: (a) definition of the taxpayers; (b) provision concerning taxpayer substitution; (c) regulation of the tax offset regime; (d) determination, for purposes of collecting the tax and defining the liable establishment, of the sites of transactions that relate to the circulation of goods and the rendering of services; (e) provision for cases where a credit relating to the shipment of services and goods to another state would be maintained; (f) regulation of the manner in which, by decision of the states and the Federal District, tax exemptions, incentives, and benefits shall be granted or revoked;

XIII. A credit may not be utilized when the tax that generated it has, directly or indirectly, been reduced, annulled, refunded, or offset by the granting of incentives, subsidies or other benefits, including those of a financial or credit nature, except those granted pursuant to XII(f) of this article;

XIV. No other tax besides the taxes dealt with in this article and in Articles 153(I) and (II) of the Federal Constitution shall be assessed on transactions relating to Brazilian electrical energy, telecommunications services, petroleum derivatives, fuels, and minerals.

XV. It is prohibited to raise the rates that were in effect on 1 January 1995 on the tax that is the subject of this article.

Article 12.

Until 31 December 2000, the Union shall deliver to the states and municipalities and to the Federal District 20 percent of the proceeds from the collection of the tax on manufactured products and, after abolition of said tax, of the proceeds from its collection of the tax that is the subject of Article 155 of the Federal Constitution, as modified by this amendment, said delivery to be effected in the following manner:

I. Ten percent, in proportion to the value of their respective exports of manufactured products that were not subject, on 31 December 1994, to the state tax on circulation of goods and the rendering of communications and interstate and intercity transportation services;

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II. Ten percent, in proportion to the value of their respective exports of manufactured products that were subject, on 31 December 1994, to the state tax on circulation of goods and the rendering of communications and interstate and intercity transportation services;

Paragraph 1. No unit of the federation may be allocated a portion greater than 20 percent of the amount referred to in subsection I of this article; any excess shall be distributed among the remaining participants maintaining, as regards those participants, the apportionment criteria established therein.

Paragraph 2. The states shall deliver to the respective municipalities 25 percent of the funds that they received pursuant to subsections I and II, observing the same apportionment criteria applied to the distribution of the proceeds of their collection of the tax on circulation of goods and the rendering of communications and interstate and intercity transportation services.

Paragraph 3. The percentages stipulated in the subsections of this article shall be reduced by one-fourth, one-half, and three-fourths, respectively, in fiscal years 1998, 1999, and 2000.

Paragraph 4. The provision of Article 162(II) and its sole paragraph of the Federal Constitution, as modified by this amendment, apply to the provisions of this article.

Article 13.

This amendment enters into force on the date of its publication.

Paragraph 1. The provision in Article 2 of this amendment shall enter into force on January 1, 1998.

Paragraph 2. Paragraphs 3 and 4 of Article 34 of the Transitory Constitutional Provisions Act of the Federal Constitution applies to situations resulting from this amendment.

Chile

Canada, Mexico Seen as Supportive on NAFTA Talks

PY0410022095 Santiago EL MERCURIO in Spanish 28 Sep 95 p A1

[Report by Elia Simeone, special correspondent in New York]

[FBIS Translated Excerpt] [passage omitted] Chilean Foreign Minister Jose Miguel Insulza has met with his Mexican counterpart Jose Angel Gurria and Canadian counterpart Andre Oullet to discuss the difficulties that may hinder, at least until next year, Chile's entry into NAFTA.

After an informal chat with Insulza in one of the many passageways of the impressive UN building, Gurria told EL MERCURIO that Mexico "is the champion of Chile's entry into NAFTA."

He said that Mexico's support for Chile is based, in addition to political reasons and the friendship with our country, on the good results of the bilateral trade agreement that has allowed trade to increase four-fold in a balanced manner in the less than three and a half years since its implementation.

Gurria said: "Therefore, we have a firm commitment with Chile."

Canadian representative Christine Stewart voiced a similar support for Chile and said that her government hopes the negotiations for the agreement with Chile will end soon. She noted that January was a tentative deadline to end negotiations.

She said that, in Canada's opinion, the negotiations should be more expeditious and that, obviously, the situation generated in the United States does not help. Stewart added: "A lot remains to be done and it is hard to negotiate without knowing whether the United States will have a fast track [preceding two words in English] to contribute to the process. Canada will do its utmost to solve the problem."

Referring to the pretensions of some U.S. sectors, as a result of the negotiations with Chile, regarding the need to renegotiate some aspects of NAFTA, Gurria emphatically stated that the golden rule established in Miami to the effect that "negotiations between the current NAFTA members are not being reopened but rather that talks are held for our country to join the agreement" should not be modified.

Gurria went on to say that "we will insist that this be fully respected, and we will continue insisting on Chile's entry into NAFTA as soon as possible, obviously including the U.S. congressional steps to grant the government a fast track so that it may have negotiating power."

Gurria and Stewart both said that their governments understand Chile's stance that the negotiations cannot continue without a fast track.

Therefore, they said they hope that Congress will authorize the U.S. executive branch to negotiate, that the key issues will be discussed, and that Chile will fully join this select group.

Gurria said that the U.S. Government "has a better attitude" and that the problem is in Congress.

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One of Minister Insulza's last official activities yesterday was to meet with Stewart, with whom he discussed the current problem hindering Chile's entry into NAFTA.

Regarding this bilateral meeting, as well as the chat in the passageway with his Canadian counterpart Oullet, he said that Canada's stance is quite clear, and that it was the country that, from the very beginning, promoted the idea of expeditious negotiations in order to avoid the process from getting mixed up with U.S. electoral aspects. Canada proposed the original timetable for the negotiations, which sought to reach an agreement before the U.S. elections next year.

Insulza ended by stating: "They are concerned, and will do everything they can to move the negotiations in a positive direction."

Malaysian King, Queen End Visit to Latin America

BK0310080495 Kuala Lumpur THE STAR in English 3 Oct 95

[Unattributed report — via internet]

[FBIS Transcribed Text] Santiago — The Yang di-Pertuan Agong [paramount ruler] Tuanku Ja'afar and Raja Permaisuri Agong [queen] Tuanku Najihah visited the Mosque As-Salam here on Sunday, ending their 12-day state visit to Latin America.

The royal visitors were met on arrival at the mosque by local president of the Muslim Society, Haji Taufek Rumee, and members of the mosque committee. The mosque, designed by William Tapia and built in 1988, is the first in Chile.

According to Taufek, there are 300 Muslim families in the country.

More on End of Visit, Departure

PY0210150395 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1100 GMT 2 Oct 95

[FBIS Translated Text] During their last day in Chile, the Malaysian King and Queen dedicated a new Mosque in Nunoa. Later, they departed from Pudahuel airport on their way back to Kuala Lumpur.

Insulza Calls For Calm in 'Fast Track' Issue Dealings

PY0410022195 Santiago EL MERCURIO in Spanish 3 Oct 95 p C5

[FBIS Translated Text] Chilean Foreign Minister Jose Miguel Insulza yesterday made a call to calmly face the issue related to the "fast track" [preceding two words in English] treatment, explaining that disagreements with the United States on this authorization do not refer to Chile.

He added that he does not like singing about victory ahead of time, nor does he believe that any obstacle should be interpreted as a defeat.

Insulza added that Chile has received no commitment from the U.S. Administration to negotiate without a "fast track" treatment — an option that is rejected by the Chilean Government — or to continue negotiations with an authorization that may not be comfortable for President Bill Clinton.

"We have an agreement with the United States, Canada, and Mexico to negotiate our entry into NAFTA," he said.

He added that, being aware that the United States requires a special treatment which is called "fast track," by which Congress authorizes the executive branch to conduct international economic negotiations, this step is essential for the United States, the other NAFTA partners, and Chile, with the purpose of moving ahead.

"While this situation remains unsolved, we cannot keep progressing. We have no commitment to negotiate without the "fast track," and we are not going to negotiate without an authorization, nor do we have the commitment from the administration to negotiate with any text that might be approved in Congress," he said.

Making an evaluation of the development of U.S. domestic processes, after meetings in Washington and New York with high-ranking U.S. Government and congressional officials, Insulza said that in his opinion, although there are some possibilities of obtaining a "fast track" treatment, it would be very difficult for the delegation of power to be approved without an agreement between Republicans and Democrats.

Insulza said that unfortunately the United States will not have to face, in the short term, any commitment that would force Congress to approve a "fast track" treatment, except negotiations with Chile.

Insulza on APEC 'Concern' Over Free Trade Zone Plan

PY0310112795 Santiago EL MERCURIO in Spanish 27 Sep 95 p C2

[Report by Elia Simeone, special correspondent in New York]

[FBIS Translated Text] Yesterday Chilean Foreign Minister Jose Miguel Insulza told EL MERCURIO about the concern of certain Asia Pacific Economic Cooperation

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[APEC] member countries with regard to the organization's purpose of establishing a free trade zone by the year 2020 because this objective could force them to promote measures to lower custom tariffs that could harm their economies.

Insulza said that, during bilateral or multilateral meetings held in this city with his counterparts from Japan, Korea, and Malaysia, he sensed their unrest and that of other governments of the area over the need to make it clear that the agreements reached during the previous APEC summit in Bogor (Indonesia) represent goals rather than the negotiation of a free trade agreement as such.

"The APEC has a different way of acting and, therefore, one has to be open-minded to understand the cultural and economic differences between the member countries of this organization," stated Insulza, who said that Chile shares this viewpoint.

Insulza said: "Our idea of the APEC has never been to hastily move in the direction of free trade, but rather to follow the WTO's liberalization rhythm and, at the same time, use the APEC as a forum in which to discuss other alternatives and commercial possibilities and other voluntary goals the countries may choose to establish."

During the Bogor summit, in which Chilean President Eduardo Frei participated and at which Chile officially joined the organization, the member countries agreed to create a free trade zone in the Asia-Pacific region, setting the year 2015 as the deadline for the commercial liberalization of the most developed countries and the year 2020 for the less developed ones, in order to be able to attune the economic differences.

In sum, the concern within the APEC is that the voluntary liberalization offers be tied to those of other countries. This would force certain countries to open their economies, which might be harmful to them.

Moreover, the member countries are worried about the portion of the Bogor agreement stating that the commercial liberalization must encompass all the areas. The countries are very cautious about this because they fear that some sensitive sectors such as agriculture may not be given preferential treatment and may be subject to a slower customs tariff reduction process.

Insulza said: "I have told them that, although our tariff reduction process will be completed long before the year 2020, in principle, we agree that there be differentiated customs tariff reductions.

Insulza said that another subject he discussed specifically with his Malaysian counterpart, Datuk Abdullah bin Haji Ahmad Badawi, was the entry of new members into APEC.

Government, Stange Decline To Comment on Resignation Rumors

PY0210152095 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1100 GMT 2 Oct 95

[FBIS Translated Text] The government has reasserted that it will not comment on press report about Carabineros Director Rodolfo Stange's eventual resignation. This responds to a report in a Santiago daily which stated that General Rodolfo Stange will resign in October.

[Being recording] [Unidentified reporter] The report in the newspaper LA TERCERA stating that Gen. Stange will resign on 18 October took the Carabineros by surprise. The report also annoyed them because it comes just before the opening of the World Police Congress next Tuesday. [date not specified]

Stange's resignation seemed to have been forgotten, particularly because last month on the occasion of his 10th anniversary as Carabineros commander, he said:

[Stange] The Constitution establishes that the term expires in March 1998.

[Reporter] The newspaper report states that Stange will resign in compliance with an agreement established with the administration, and that he will be replaced by current Carabineros Deputy Commander Fernando Cordero.

[Government Secretary General Jose Joaquin Brunner] This is not an issue that would merit any kind of agreement because, as I have said, this is an exclusive prerogative of the Carabineros commander. Because this is a personal matter, it is up to him to inform the public about his decision whenever it suits him.

The administration will not make any comments on this issue.

[Reporter] Television Nacional de Chile has learned that Gen. Stange merely smiled when he read the LA TERCERA report. Later, when besieged by journalists while on a private errand, he declined to comment. [end recording]

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Further on 'Conflict' in Right-Wing Pact Over Reforms

PY2909180595 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1100 GMT 29 Sep 95

[Speakers identified by screen captions; passages within slantlines recorded]

[FBIS Translated Text] The conflict within the Union for Chile pact continues. The UDI [Independent Democratic Union] has reiterated an appeal to its allies to refrain from supporting the constitutional reforms. The National Renewal Party [RN], in turn, thinks it is absurd to refuse to improve the 1980 Constitution.

Within the framework of this polemic, which threatens to worsen, the UDI has said that its stance does not represent an ultimatum, but responds to its belief that the pact must return to its origins:

/[UDI Chairman Jovino Novoa] We are talking about an essential issue that has to do with the pact's raison d'etre. No Chilean who voted for the candidates of the Union for Chile did so in order for them to go to Congress and change the Constitution. Therefore, we must honor the constituents' mandate./

RN representative Alberto Espina said that his party will act autonomously and according to its own beliefs. RN Chairman Andres Allamand energetically referred to the issue in Puerto Montt:

/[Allamand] The RN is against dismantling the Constitution and against a very absurd policy of maintaining a Constitution that is petrified and intangible, but it is all for perfecting it./

/If the allies do not even want to discuss the issue, then it is unlikely the problems will be solved. This attitude, undoubtedly, is a very bad sign./

In the political and legislative spheres, there is concern over this conflict because its outcome and the stance adopted by the RN will have an impact on national policy and the debates in Congress.

Contreras Denied Authorization To Serve Sentence at Home

PY2909162695 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1100 GMT 29 Sep 95

[Speakers identified by screen captions; passages within slantlines recorded]

[FBIS Translated Text] Justice Minister Soledad Alvear has rejected General Manuel Contreras' petition to serve his sentence at home. The minister said that the sentences must be served in prison.

This subject was also raised during a meeting between [Army Commander] General Augusto Pinochet and Defense Minister Edmundo Perez Yoma.

The Contreras case has once again started to stir up the political scene. Following the positive medical reports, all that is left is for the court to decide to transfer Contreras. This decision should be made during the first half of October.

In view of the fact that time is running out, Contreras' defense attorney has asked the National Prison Police director, on the basis of a constitutional article, to allow Gen. Conteras to serve his sentence at home for health and security reasons.

When asked whether or not this represents preferential treatment in violation of the law, he answered:

/[Julio Tapia, attorney for Contreras] To be precise, this represents discrimination before the law because he is being treated in a very strict manner, with an incredible political hatred, when, had he been any ordinary person, there would have been no worry about all this. Contrary to what would happen to ordinary persons, there is discrimination before the law in this case, because he is being treated very severely./

The government's stance in this regard remains unchanged despite the petition:

/[Alvear] In our country sentences are served in prison, and if the sentenced person has a health problem, he is granted the necessary medical assistance.

/[Unidentified reporter] Can the necessary medical assistance be provided at Punta Peuco prison?

/[Alvear] Punta Peuco prison has a functioning infirmary, and the Supreme Court has requested the Forensic Institute to issue a medical report on his conditions. This requirement has been fulfilled, but the contents of the report, which has already been sent to the Supreme Court, are, of course, secret.

/[Reporter] In sum, Minister, there are no chances that he can be allowed to serve his sentence in some place other than Punta Peuco?

/[Alvear] People sentenced by the courts serve their sentences in prison, and if they are ill, they are granted the necessary medical assistance./

In order to guarantee Gen. Contreras' entry into Punta Peuco, the government is willing to accept joint guarding by prison police agents and military officers. This

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requirement is accepted by the member parties of the Coalition of Parties for Democracy for various reasons:

/[Socialist Party Chairman Camilo Escalona]) Pinochet's comments to the effect that he cannot picture Contreras in Punta Peuco insinuate the possibility that the sentence will be ignored.

/Therefore, the government, in view of its duty before the country and its commitment to institutional stability, is making every effort possible to avoid any argument that might justify ignoring the court ruling.

/[Christian Democratic Party Chairman Alejandro Foxley] It has nothing to do with whether or not the sentence is served. If the court ruling is ignored, Contreras will be fully punished by the law. No one can disobey a court ruling, because we live in a state of law and the law is respected. This goes for the former Intelligence Service director or any Chilean, be he the president of the Republic or anyone else./

Moreover, Contreras' attorney denied having asked for a helicopter to transfer Gen. Contreras. This was affirmed in Rancagua by Carabineros:

/[Carabineros Director General Rodolfo Stange] If the National Prison Police make the request, I will learn about it and make a decision./

Contreras' transfer to Punta Peuco is such a topical issue that it was raised during a closed-door meeting held by the defense minister and Gen. Pinochet.

In sum, the Justice Ministry's decision is that Gen. Contreras must serve his prison sentence in Punta Peuco and nowhere else.

Colombia

Justice Minister Recalls Government Meeting

PA0310204595 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 3 Oct 95

[Telephone interview with Justice Minister Nestor Humberto Martinez Neira by News Director Dario Arizmendi in Santa Fe de Bogota; from the "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [Arizmendi] The best and perhaps the only effective way to move forward is to trust to the validity and strength of our institutions the order and the legality of the republic by letting them work, by letting the government govern, by letting justice judge, by letting Congress legislate and supervise, by letting controlling authorities protect, and by letting the media report. This is part of the statement that the spokesman for the government branches commission read following the three-hour meeting with the chief of state at Narino Palace on 2 October. Justice Minister Nestor Humberto Martinez Neira read the entire statement. Minister, good morning.

[Martinez] Good morning, Dario.

[Arizmendi] Are you pleased with the results of the meeting?

[Martinez] Of course, Dario, especially because of the ambiance and spirit in which the meeting was held. It was held amid serious questions on the level of institutionality or on the degree of division in the institutionality of the de jure state. We were able to observe that the three government branches were present to guarantee to the country and the international community the strength of our democratic institutions and how we can handle complex issues, such as the ones of which Colombian ordinary justice is aware now, without divisions and without weakening or destabilizing the country. Yesterday, there was an unequivocal and solid testimony from all the government branches that there could be justice in Colombia without adversely affecting justice, without adversely affecting the activities of the other public bodies, and without adversely affecting the freedom of speech and the freedom of press in our country.

[Arizmendi] Were there recriminations and substantial doubts? Were specific cases mentioned?

[Martinez] No, Dario. We did not really discuss specific cases. Of course, we had just ended a week that was characterized by certain events that the public and all political authorities in Colombia had identified well. Of course, each commentary included very frank, very sincere, and, especially, very objective observations in an effort to strengthen the country's institutionality. These observations shed light on the significance of being able to hold proceedings and of being able to conduct proper trials without the interference of public bodies other than the judicial branch, always ensuring that the judicial branch will be able to carry out its activities through the channels and courses stipulated by the Constitution and the laws. I believe it was a quite fruitful meeting for the country.

[Arizmendi] What issue was questioned the most, Mr. Minister?

[Martinez] I believe that, somehow, during the meeting, we always had the idea that the spokesmen of the many government branches must be much more careful with their statements and their attitudes. This is what Colombian society is demanding. In fact, we are setting a good example to the community of nations as we are able to prove that such significant, delicate, and major proceedings as the ones the many judicial bodies are currently carrying out can be carried out without the

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intervention of the other government branches. In this scenario, verbal abuse has no room; moderation and, of course, deliberation on conduct and words do.

[Arizmendi] Is the statement that you, Mr. Minister, read and that compiles the opinion unanimously reached a sort of pull on the ears of insolent officials such as Interior Minister Horacio Serpa and Assistant Prosecutor General Adolfo Salamanca?

[Martinez] By the way, this was an issue we discussed frankly and openly during yesterday's meeting. It was more than a brief, summary, and disciplinary trial, to say it in a very colloquial fashion. We wanted to send a very clear message to Colombian society on the validity of the institutions and the strength of our de jure state. We wanted to send this message to the entire world.

Last week, I was at the EEC, as you know, and the amount of news they received, most of which was wrong, seemed to show that Colombia was in a state of dissolution. Yesterday's meeting showed exactly the opposite; it sent a clear message to the international community. Colombia is one of the oldest democracies in America, and its democratic institutions are very strong.

[Arizmendi] Mr. Minister, were the repercussions that the situation that took place last week in the country could trigger discussed?

[Martinez] Well, we did not broach the issue; we merely reviewed how the situation occurred, and we basically reviewed how we could guarantee to Colombians that all these proceedings and all these circumstances, which could be a little sporadic, will be left behind and will not be repeated in the future.

[Arizmendi] How, exactly, will they be prevented in the future, Mr. Minister?

[Martinez] Basically through government officials being aware that they must conduct themselves very cautiously and wisely, by preventing government officials from publicly discussing matters that should be dealt with within the atmosphere of confidentiality or basic privacy that exists between the branches of state, and by using procedural channels when legal bodies are questioned.

It is necessary, therefore, to (?take advantage of) the means, mechanisms, and privacy established in the constitution and in the laws, and to prevent verbal or physical excesses which could lead to confusion if they were broadcast by the media.

[Arizmendi] Is there any body or mechanism to handle differences between the branches of state?

[Martinez] No. The country's institutions establish the bodies through which legal or political differences are to be settled, and these forums and bodies should be used precisely to avoid deinstitutionalizing the country. Difference of criteria or opinion, any differences between the branches of state should not undermine the harmony and positive sense of cooperation ordered by the political constitution, which [words indistinct] use of channels of expression which ought not to govern the attitudes of government authorities and leaders in general.

[Arizmendi] When you refer to channels of expressions, do you mean the use of the news media to formulate accusations or [word indistinct]?

[Martinez] Unquestionably, Dario, we often fail to use the proper institutional means to make appeals, to make announcements if necessary, or to end actions by government officials. In this regard, if you will allow me this colloquial expression, the idea is to avoid that trick because all of the authorities who yesterday sat around the table at Narino Palace do not resort to verbal excesses that can create the impression that the country is being deinstitutionalized and weakened by cracks, Dario.

[Arizmendi] By the way, have the Executive Branch and the Office of the Prosecutor General accepted their share of such self- criticism?

[Martinez] Look, Dario, in general we always speak of a golden rule. That rule is — to use a phrase that was gradually coined during the course of the meeting — that we should not settle differences through means that are not established in the constitution and the law and, especially, that we conduct ourselves with considerable moderation. This appeal is not intended only for the authorities who were at Narino Palace yesterday; it is for all government officials. And why not? For the news media to create, as the document states, a desireable climate of detente that will facilitate the resolution of the investigations that are under way in Colombia.

[Arizmendi] Is this a criticism of the news media, of all the news media or some of them? Mr. Minister, what role should the news media and reporters play in the country's current situation?

[Martinez] Basically, as the document states, they must inform. Freedom of the press is a basic element, a pillar, a bastion of Colombian democracy and one thing that was kept in mind yesterday was the need to prevent a misinterpretation of the meeting of the three branches of state and the importance of the press and news media's continued reportage with the broadmindedness established by our institutions. Of course, we must

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prevent excesses which more often than not are caused by those who prepare the news and not the reporters.

[Arizmendi] Mr. Minister, does this mean that as the political parties requested, the government should issue decrees, Congress its laws, and the Judicial Branch its judgements?

[Martinez] Well, that is the political division of the branches of state established by the constitution, but it must be done with the harmonious cooperation which was truly endorsed yesterday, in a sincere and democratic spirit, by all the state agencies that were present.

[Arizmendi] Thank you very much, Mr. Minister.

[Martinez] Thank you. You are very kind.

Interior Minister Interviewed on Deputy Prosecutor, DEA

PA0410035195 Santa Fe de Bogota EL TIEMPO in Spanish 1 Oct 95 p 8A

[Interview with Interior Minister Horacio Serpa by EL TIEMPO staff; place and date not given]

[FBIS Translated Text] [EL TIEMPO] Is it true that the deputy prosecutor general has become a source of discomfort for the government, as he claims?

[Serpa] He has said things that have upset many people. I am more concerned than upset seeing how a judge, because the deputy prosecutor general is a judge, is passing judgment a priori, and how he, without any kind of trial, on his own, and disregarding procedures, has publicly condemned the Liberal Party campaign. Why go on with an investigation if we have been condemned already?

[EL TIEMPO] Are you afraid Pallomari may be used as a "conspiracy agent?"

[Serpa] We have not looked into that situation. We are concerned over the fact that a person who lives in Colombia and against whom there is an arrest warrant issued by the Colombia authorities, can show up in the United States, under the protection of DEA, according to reports.

[EL TIEMPO] The reports from the United States on your statement, were they ill-intended?

[Serpa] I think they were distorted when the international agencies transmitted what I said. When I was asked if the murder attempt against the president's attorney was part of a plot I said: "that rings a bell" and I spoke about local people. When I was asked about DEA and I said: "That rings a bell," I had in my mind, and I still have, the Pallomari case. This is a source of concern for all the Colombians, especially for me, the person responsible for public order.

[EL TIEMPO] How did you feel when the foreign minister said that your opinions do not represent those of the Colombian Government?

[Serpa] That does not irritate me, it does not bother me. The foreign minister deserves all my respect. He is in charge of foreign relations and I support what he said. I stated an opinion and I am explaining it.

As Colombian and as part of the government, I am very concerned with the reaction of the U.S. Government which received news that are not true. I never said that the DEA had attacked Dr. Cancino. I will emphasize this vigorously so that the authorities of that country hear me well: I never said that the U.S. authorities are plotting against the Colombian Government.

[EL TIEMPO] You say you are concerned about the Pallomari case. Why this has been the source only of a commentary, which has generated much confusion, instead of treating it formally and legally?

[Serpa] This is being treated formally already. The ambassador of Chile has asked the director of DAS [Administrative Department of Security] for an explanation on this and the director of DAS is asking the U.S. authorities for the information the case requires.

[EL TIEMPO] Isn't it about time for the people involved in this polemic to shut up?

[Serpa] I am receiving your observation in a responsible and serious manner. I think we have to slow down a bit. The way in which these situations should be handled is getting out of hand.

But it is also true that we have to speak out. For example, with regard to the case of the deputy prosecutor general I have to say that I am very concerned over the fact that there has been a prejudging that seriously hampers the state of law.

Accusations Committee Chairman on Samper Campaign Case

PA0410041895 Santa Fe de Bogota TIEMPO in Spanish 1 Oct 95 p 8A

[Interview with Congressman Heyne Mogollon, chairman of the Chamber of Representatives Accusations Committee, by EL TIEMPO staff; place and date not given]

[FBIS Translated Text] [EL TIEMPO] The deputy prosecutor general [Adolfo Salamanca] has insinuated that you leaked information on Fernando Botero's investigation...

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[Mogollon] That statement has hurt very deeply. I believe it is a legal aberration. I am an honest man and I do not usually hear professionals of this sector, above all a man who, I understand, is very circumspect, stating such categorical, affirmative, and superficial concepts. He did not hesitate to issue charges against the Accusations Committee chairman, and I must remind him that judges and investigators are forbidden to make public statements about the investigations we carry out. We must address the issue through decrees or rulings.

It would have been wise for Dr. Salamanca to say the preliminary hearing documents are not only known by the Attorney General's Office and the Accusations Committee's investigating representative, but also by the Prosecutor General's Office and Dr. Botero's defense lawyer. Consequently, the leak could have come from any of those people or agencies.

[EL TIEMPO] But let us remember that Dr. [Antonio Jose] Cancino recently said in an interview he knows all about Botero's investigation because he, as the president's legal representative, had access to the case you are handling...

[Mogollon] It could have been an error, like he said, but it is also an imprudent statement. This could earn him an investigation.

It must be clearly stated that Dr. Cancino was never part of the investigation I am carrying out, up to the moment when the president of the Republic was questioned. He does not have the investigating representative's spokesmanship either.

[EL TIEMPO] Can you swear the leak on the investigation did not come from your office?

[Mogollon] I swear.

[EL TIEMPO] What effect may threats to committee members have on the investigation?

[Mogollon] This disrupts mentally and activates the survival instinct. The emotional part plays a leading role for us and we wonder what our family might suffer in the event of a tragedy. However, the investigation must continue until it fulfills the goals established by the law.

[EL TIEMPO] Are you annoyed when you are reminded about your political ties with Senator Francisco Jose Jattin, whom some people consider guides your views?

[Mogollon] Absolutely not, I have always been an honest man and, even though I belonged to his political movement, I have been independent within the same. My appointment to the chamber was not due, as some media have stated, to Mr. Jattin choosing me as candidate.

[EL TIEMPO] Do you perceive a confrontation among the state branches over the Process 8,000.

[Mogollon] Yes, and it causes confusion among the citizens. That results in contempt, undermines the principles of authority. When you reach those extremes.

I issue an appeal to the Prosecutor General, the Interior Minister, and all those who have decision-making authority in the country to calm down their warmongering attitude.

Police Director on Cancino Attack, Terrorist Movements

PA0410043995 Santa Fe de Bogota EL TIEMPO in Spanish 1 Oct 95 p 19A

[By EL TIEMPO special correspondent]

[FBIS Translated Text] Cartagena — General Rosso Jose Serano, National Police director, said the Movement for the Dignity of Colombia, which in calls to several media claimed credit this week for the attack on attorney Antonio Jose Cancino in which two of his bodyguards were killed, is apparently made up of only one person.

The ranking officer explained during the congress of Confecar [not further identified] in Cartagena, that it has become a habit in Colombia that any person constitutes a terrorist movement and he said that in the case of the attack on Cancino, surely it was the work of an "anarchist."

He said they are investigating the possible perpetrators of the attack, while security measures have been stepped up for President Ernesto Samper Pizano, since latent threats against him persist.

The general explained that in the past days they have received several calls from a single person announcing terrorist actions, but he noted that police intelligence is conducting investigations to determine the person's movements and scope of action.

Also, the police director noted that the statements by Minister Serpa about a DEA conspiracy against Samper have not altered the work between the U.S. antinarcotics agency and the Colombian Government.

Serrano Cadena said that since 1980 they have been fulfilling the agreements with the U.S. Government and that this cooperation has not been changed by recent incidents.

Regarding the search for Elmer Herrera, alias "Pacho," the last Cali Cartel drug lord, the ranking officer expressed that "this guy is very slippery, but just like the others, he will fall any moment now."

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Roundup of Economic Developments

PA0310230695

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Colombia monitored through 3 October.

An editorial entitled "The Countryside Improves" notes that despite all the violence in the country, which has adversely affected agricultural work, the sector reported a 5-percent growth in production during the first half of 1995, according to Colombian Agriculture Minister Gustavo Castro Guerrero, who said the country's agriculture is showing signs of recovery. (Santa Fe de Bogota EL TIEMPO in Spanish 26 Sep 95 p 4A)

Colombian Finance Minister Guillermo Perry Rubio said yesterday that a further cutback in government spending will be necessary in view of the Constitutional Court's ruling ordering funds from the cellular phone business to be turned to the municipalities and departments involved. This means a cutback of 372 billion pesos for the 1995-96 budget is necessary. The ruling may force a value-added tax increase from 14 to 16 percent. (Santa Fe de Bogota EL TIEMPO in Spanish 26 Sep 95 p 6C)

According to the DANE, National Administrative Department of Statistics, Colombia experienced a 0.84-percent inflation in September, one of the lowest inflation rates of the year. (Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1730 GMT 2 Oct 95)

Ecuador

Reportage on Dahik Impeachment Proceedings

Dahik Concludes Defense Without Resigning

PY0310141995 Madrid EFE in Spanish 0427 GMT 3 Oct 95

[FBIS Translated Text] Quito, 2 Oct (EFE) — Ecuadoran Vice President Alberto Dahik has concluded his defense in the motion of censure that began today at Congress without tendering his resignation as requested by President Sixto Duran-Ballen.

Answering EFE about the eventual resignation which Duran-Ballen requested on 29 September in a message to the nation, Dahik said: "I have no reason to resign at this time."

Alluding to the fact that Congress must decide on his removal at the end of the impeachment process, which will last throughout this week, Dahik said his resignation should be "an outcome of the trial" ["es parte del juicio"].

During his defense, which lasted almost six hours, Vice President Dahik questioned the legitimacy of the impeachment process against him. He described himself the "victim" of those groups that are against reform.

He rejected charges of bribery and crimes against national dignity which prompted the motion of censure, and he disqualified his political opponents, particularly those from the Social Christian Party (PSC), which comprises the majority of legislators.

After Dahik concluded his defense, which encompassed six of the eight hours he is entitled to use in the process, Congress President Favian Alarcon closed the session and announced that the impeachment process will continue on 3 October. As of tomorrow, six deputies will have two hours each to prove the charges raised against Dahik.

The vice president is entitled to answer the charges. Those deputies who so desire will then have 10 minutes each to address Congress before voting on the motion of censure. The motion must be approved by two thirds of Congress which comprises 77 deputies.

PSC Rejects Dahik's Charges

PY0310154495 Madrid EFE in Spanish 0519 GMT 3 Oct 95

[FBIS Translated Text] Quito, 2 Oct (EFE) — Heinz Moeller, former Ecuadoran Congress president and current Social Christian Party (PSC) deputy, today denied charges by Vice President Alberto Dahik that the PSC received funds for approving laws and measures of the current administration.

This is an "extremely serious accusation" Moeller told EFE. He added: "This Congress has not approved by our votes any law that was not encompassed in the government program we proposed in 1992, during Jaime Nebot's presidential campaign."

During his defense in the motion of censure he faces in Congress, Dahik said the current administration achieved an agreement with the PSC, the majority party in Congress. He said the administration had to grant the PSC a "highly preferential treatment" in the "budget allotments."

Dahik cited a total of "200,000 million sucres" ($80 million) from state funds that were granted "in exchange for (the approval) of laws."

Moeller said: "We struggled to obtain these allotments," and they were "achieved from our legislative duties," because "the PSC has jurisdiction over 68 percent of Ecuadorans through elected mayors and prefects."

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"The best tactic is to attack," said Moeller who believes "Dahik has decided to attack, betraying his past ties with former President Leon Febres Cordero" (1984-1988). Leon Febres Cordero, who is now mayor of the coastal city of Guayaquil, was the main target of the vice president's charges. Dahik served as finance minister in Febres Cordero's cabinet.

Moeller asserted that PSC deputies, responsible for promoting the motion of censure, will vote for the removal of the vice president at the end of the impeachment process that started today.

Moeller expressed his conviction that the motion of censure against Dahik, who is charged with bribery and crimes against national dignity, "will conclude with censure or the acceptance of his resignation. I do not see how it could go otherwise."

President Assess Dahik's Defense

PY0310224495 Madrid EFE in Spanish
2039 GMT 3 Oct 95

[FBIS Translated Excerpt] Quito, 3 Oct (EFE) — Ecuadoran President Sixto Duran-Ballen today met with his closest aides to assess Vice President Alberto Dahik's arguments in the impeachment process he is undergoing in Congress.

Government Minister Abraham Romero and Public Administration Secretary General Carlos Larreategui also attended the meeting with Duran-Ballen.

Those attending the gathering exchanged viewpoints on the arguments given by Dahik during the first session of the impeachment proceedings he is facing on charges of bribery and crimes against national dignity. [passage omitted]

Moreover, according to local press reports, Jose Vicente Maldonado, commerce and industry minister, today met with the president of the Republic to explain his reasons for resigning.

Yesterday Maldonado said he would promote the resignation en masse of the executive branch to allow the president to reorganize this branch after asking Dahik to resign.

Maldonado is a member of the so-called "economic front," comprising ministers and officials who enjoy the vice president's confidence to implement his neoliberal program to modernize and reorganize the Ecuadoran economy.

Energy Minister Galo Abril, another member of the "economic front," denied today that he intends to resign, as did Ana Lucia Armijos, president of the Monetary Board, who voiced her desire to continue in her post for as long as she enjoys the president's confidence.

Proceedings Continue Into 2d Day

PY0410011195 Madrid EFE in Spanish
2326 GMT 3 Oct 95

[FBIS Translated Excerpt] Quito, 3 Oct (EFE) — The Ecuadoran National Congress is continuing, for the second consecutive day, the impeachment proceedings against Vice President Alberto Dahik, who is accused of bribery and violations of national honor.

Congress President Fabian Alarcon opened this second session of the impeachment proceedings against the vice president at 1730 (2230 GMT) by reading a letter from Dahik, in which he apologizes for his absence from the session of accusations in which six deputies are scheduled to present charges and evidence against him. [passage omitted]

The deputies in charge of providing evidence today against the vice president of the Republic will have a maximum of two hours each to speak. They are: Juan Jose Castello, of the Democratic People's Movement (MDP); Frank Vargas Pasos, of the Ecuadoran Revolutionary Popular Action (APRE); Santiago Bucaram, of the Ecuadoran Roldonist Party (PRE); and Rafael Cuesta, Xavier Neira, and Marco Flores, of the Social Christian Party (PSC), who will be in charge of the accusations.

Speeches by the accusing parties, which will be suspended at midnight tonight and continue tomorrow, will be followed by a rebuttal on the part of the vice president, for a period of up to four hours.

A debate will then follow, and deputies who have not participated in the session of accusations will have 10 minutes to speak. The deputies will then proceed to cast their votes with regard to the impeachment, a motion that must have the support of two-thirds of the congressional deputies, numbering 77 in total.

Security measures around the national Congress have been reduced considerably in comparison with those adopted yesterday, when more than 300 troops were mobilized to maintain surveillance inside and outside the building, because the vice president is not scheduled to attend the session.

Nevertheless, police officials today doubled security measures around the residence of Alberto Dahik, who confessed yesterday that he fears for his life and the lives of his family members.

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Uruguay

Political, Military, Press Opposition to Cuba's Castro

PY0310152195 Madrid EFE in Spanish 0934 GMT 3 Oct 95

[Commentary by Alberto Pepe Leira]

[FBIS Translated Text] Montevideo, 3 Oct (EFE) — The right, the political center, the military echelons, and journalists have all expressed opposition to the upcoming visit of Cuban leader Fidel Castro to Uruguay, which is scheduled for 13 October. Most journalists described as "senseless" the invitation issued by the government of President Julio Maria Sanguinetti.

The left cautioned about the problems that Castro's visit might cause the "Broad Front" coalition if there is any increase in the current rift between the moderates, who are critical, and the communists and former guerrillas, who accept no criticism of Castro.

Political analysts expressed doubts about the political benefits of Castro's invitation for Sanguinetti.

The government resorted to regulatory provisions to overcome the troubles that the military echelons would have had in honoring Castro. This thorny issue goes back to the late 1960's struggle between the Armed Forces and Tupamaro guerrillas, who, according to documents drawn up when Castro was exporting his revolution, were supported by the Cuban Government.

Political sources have said Castro's presence "is a sensitive issue" for the military echelons.

The Army has reported that the Army commander in chief has not been invited to any ceremony, thus confirming that the military commanders have been relieved of their protocol duties during the Cuban president's visit.

It was noted that after sunset it is not mandatory to render military honors to visitors. Thus, there will be no honor guard at the Carrasco international airport for Castro's evening arrival.

Defense Minister Raul Iturria, who returned to Uruguay on 2 October, did not comment on this issue. He said he would talk to the president, but explained that the government had invited the president of a nation with which Uruguay has relations.

Diplomatic sources have pointed out that "there are significant disagreements" between Uruguay "and the Cuban Government."

The Cuban president will visit Uruguay for the first time in 36 years. He first arrived in Uruguay on 3 May 1959 to receive a tribute for his revolution's victory, and described himself as "a Marxist-Leninist until I die."

Incidentally, the current Uruguayan president, who was 23 years old at that time, reported from Havana on the victory of the Cuban Revolution when he worked for the Montevideo newspaper ACCION.

Sanguinetti, who was already a prominent political analyst, wrote at that time that "many times in America's history, people have raised the pure banners of social redemption and economic independence and, subsequently, blinded by the omnipresence of power, tarnished them with a suicidal individualism that transforms revolutions into dictatorships."

Sanguinetti then asked: "Will this also happen to Fidel Castro?"

Sanguinetti resumed diplomatic relations with Cuba 10 years ago after Uruguay approved the OAS-sponsored blockade of the Caribbean island.

For most journalists, Castro's visit is senseless.

Under the title "An Unexpected Visit," the moderate Montevideo newspaper EL OBSERVADOR writes: "Without a convincing reason, inviting Fidel Castro disturbs, without sufficient motive, our foreign policy."

EL PAIS, Uruguay's main newspaper, writes: "If Sanguinetti wanted to head a political opening for the bearded and unshakable Cuban president, he made the mistake of using his presidential post, as the invitation represents an accolade for Castro."

Catholic journalist Eduardo Corso wrote for the newspaper ULTIMAS NOTICIAS that the invitation issued to Fidel Castro was "a decision by the president, without consulting anyone."

The left expects broad internal discussions because the radical groups, which have caused a series of incidents and problems in recent years, do not accept any criticism of the Cuban leader.

The weekly BRECHA writes that, after 36 years, the results achieved by the Castro administration raise questions and that "his presence would probably encourage controversies within the left, where many still accept an unquestionable and unobjectionable image."

Editorial Considers Castro Visit 'Inadvisable'

PY0410001795 Montevideo EL OBSERVADOR in Spanish 23 Sep 95 p 2

[Editorial: "An Unlooked-for Visit"]

[FBIS Translated Text] Fidel Castro will be coming to our country in mid-October. The symbolic value of this

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visit should be given careful consideration. There are elements of judgment vouching for the advisability of Castro's state visit to Uruguay. Our country furthers a policy of having relations with all countries of the world. Even under de facto regimes, diplomatic relations with the Soviet bloc were not severed. Ideological and political considerations have not disrupted trade flows, cooperation in international organizations, or normal and civilized behavior between rulers and diplomats. And it is quite befitting that if should be like that.

Two more considerations; namely, the existence of trade flows and Cuba's outstanding debt with Uruguay, need to be added in the case of the Caribbean island. One could also advance other arguments in favor of Castro's visit. It will take place against the backdrop of a complex economic and political process on the island, which we want to be peaceful, and precisely when the bill submitted by Helms and Burns [as published], advocating the enforcement of a stiffer embargo on trade with Cuba, seems to be gaining support in the U.S. Congress. In this context, the Cuban ruler's visit would encourage the adoption of the best solutions.

Nevertheless, we do not believe this to be the case. We are not going to change the course of events in Cuba. It is not us, but rather circumstances in Cuba's most immediate environment, that will shape the future of that country. For all their powers of persuasion, we do not see how our rulers and political leaders will be able to talk Castro into embarking upon a democratic path. Neither will our endeavors sway Senator Helms, who for decades has been the standard-bearer for radical positions, from his inflexible determination to impose a more severe embargo on Cuba, even though it may — indeed, does — violate international law, and therefore, deserves to be rejected on those grounds. It goes without saying that bilateral relations with Cuba can — and should — be maintained. And yet, Castro's visit is not absolutely essential for doing so. Nor do we intend for Cuba to repay its outstanding debt with us. On the contrary, the difficulties posed in the collection of that debt are indicative of the caution which — even in trade matters — one has to exercise in dealing with the Cuban Government.

In the absence of an immediate and genuine need for the Cuban leader's visit, the latter is impregnated with an even greater symbolic meaning. And this makes it altogether inadvisable. We have, since the reestablishment of democracy in Uruguay, exhibited a justified rejection of dictatorial regimes. Inviting Fidel Castro without a valid reason for doing so is inconsistent with that line of action. It seems to discriminate in favor of the ideology backing the de facto regime. It upsets Uruguay's foreign policy without sufficient reason. Moreover, from a domestic standpoint, it sends an ambiguous message. The Cuban regime is neither a blueprint for progressiveness nor a shield against being bandied as neoliberal. On the contrary, Castro's presence here will only help Uruguay's left to maintain its lack of definition between the opposing factions that are at odds with each other.

The Cuban Revolution of 1959 kindled hope. Thirty-five years later, the Cuban dictatorship is even harsher, and sugar and tourism still are — as they were under Batista — Cuba's staples, although at a less important level. In the meantime, Castro was firmly resolved to export his model by force, even to Uruguay. Nowadays, what was then called the free territory in the Americas has proven to be not only an absolute failure, but also the largest dependency — an impressive record of which the upcoming visitor is the very embodiment, and which one had better shun.

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